NEW ISSUE – BOOK-ENTRY-ONLY

NEW JERSEY INFRASTRUCTURE BANK
(formerly known as the New Jersey Environmental Infrastructure Trust)

$16,830,000* Environmental Infrastructure Bonds, Series 2018A-2 (Green Bonds)

Dated: Date of Delivery

This Official Statement has been prepared by the New Jersey Infrastructure Bank (formerly known as the New Jersey Environmental Infrastructure Trust) (the “I-Bank”) to provide information regarding its $16,830,000* aggregate principal amount of “Environmental Infrastructure Bonds, Series 2018A-2 (Green Bonds)” (the “Series 2018A-2 Bonds”). For information concerning recent statutory amendments to the I-Bank Act, including, without limitation, the change of the name of the “New Jersey Environmental Infrastructure Trust” to the “New Jersey Infrastructure Bank”, please see “THE NEW JERSEY INFRASTRUCTURE BANK” herein. Certain capitalized terms used on this cover and not defined hereon shall have the means ascribed thereto as set forth in this Official Statement.

Tax Matters:

In the opinion of McCarter & English, LLP, Bond Counsel to the I-Bank, assuming compliance by the I-Bank and the Series 2018A-2 Borrowers with certain tax covenants described herein, under existing law interest on the Series 2018A-2 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference under Section 37 of the Code for purposes of computing alternative minimum tax. In the case of certain corporate holders of the Series 2018A-2 Bonds, interest on the Series 2018A-2 Bonds will be included in adjusted current earnings for purposes of the alternative minimum tax applicable to taxable years beginning before January 1, 2019. Bond Counsel to the I-Bank is further of the opinion that, under existing law, interest on the Series 2018A-2 Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

Authorization:

The Series 2018A-2 Bonds are being issued pursuant to (i) the I-Bank Act, (ii) all other applicable laws, and (iii) the Series 2018A-2 Bond Resolution.

Purpose:

The Series 2018A-2 Bonds are being issued by the I-Bank for the benefit of various municipalities and regional, county and municipal utilities and sewerage authorities (the “Series 2018A-2 Borrowers”) that are located throughout the State of New Jersey (the “State”) in order to: (i) finance, together with certain moneys of the State and moneys of certain of the Series 2018A-2 Borrowers, various improvements to their respective wastewater treatment systems and drinking water supply systems; and (ii) fund a portion of the costs of issuance relating to the Series 2018A-2 Bonds. See “THE PROJECTS” and “FINANCING THE PROJECTS” herein. For a description of the Series 2018A-2 Borrowers and the projects financed with the proceeds of the Series 2018A-2 Bonds, see Appendix B hereto – “SERIES 2018A-2 BORROWERS”.

Redemption:

The Series 2018A-2 Bonds will be subject to optional redemption and may be subject to mandatory sinking fund redemption, all as more fully described herein. See “THE SERIES 2018A-2 BONDS – Optional Redemption” and “THE SERIES 2018A-2 BONDS – Possibility of Mandatory Sinking Fund Redemption” herein.

Security:


NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE I-BANK, BUT SOLELY TO THE EXTENT OF THE SERIES 2018A-2 TRUST ESTATE DESCRIBED HEREIN) IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THE SERIES 2018A-2 BONDS.

Interest Rate and Yields:

As shown on the inside front cover.

Interest Payment Dates:

March 1 and September 1, commencing September 1, 2019.

Denominations:

The Series 2018A-2 Bonds will be issued in denominations of $5,000 or any whole multiple thereof.

Book-Entry-Only:

The Depository Trust Company (“DTC”).

The Series 2018A-2 Bonds are offered when, and as if issued and delivered and subject to the receipt of the approving legal opinion of McCarter & English, LLP, Newark, New Jersey, Bond Counsel to the I-Bank. Certain legal matters will be passed upon for the I-Bank by Gurbar S. Grewal, Attorney General of the State, General Counsel to the I-Bank. The I-Bank expects that the Series 2018A-2 Bonds in definitive form will be available for delivery to DTC in New York, New York, and that payment for the Series 2018A-2 Bonds will occur in Newark, New Jersey, on or about November 29, 2018.

Official Statement dated: November __, 2018

* Preliminary, subject to change.
### MATURITY SCHEDULE*

**NEW JERSEY INFRASTRUCTURE BANK**  
(formerly known as the New Jersey Environmental Infrastructure Trust)

*$16,830,000* Environmental Infrastructure Bonds, Series 2018A-2 (Green Bonds)

<table>
<thead>
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<th>Year*</th>
<th>Principal Amount*</th>
<th>Interest Rate</th>
<th>Price or Yield</th>
<th>CUSIP</th>
<th>Year*</th>
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* Preliminary, subject to change.
NEW JERSEY INFRASTRUCTURE BANK  
(FORMERLY KNOWN AS THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST)

BOARD OF DIRECTORS

ROBERT A. BRIANT, JR. ...................................................Vice Chairman
ROGER ELLIS .................................................................Treasurer
MARK LONGO .................................................................Secretary
DIANE GUTIERREZ-SCACCETTI 
Commissioner of the New Jersey 
Department of Transportation ......................... Ex Officio Director
CATHERINE R. MCCABE 
Commissioner of the New Jersey Department 
of Environmental Protection ........................ Ex Officio Director
ELIZABETH M. MUOIO 
New Jersey State Treasurer................................. Ex Officio Director
SHEILA Y. OLIVER 
Commissioner of the New Jersey 
Department of Community Affairs ...................... Ex Officio Director

EXECUTIVE STAFF

DAVID E. ZIMMER, CFA..........................Executive Director
ADVISORS

McCARTER & ENGLISH, LLP ............................................ Bond Counsel

GURBIR S. GREWAL, Attorney
General of the State of New Jersey ............................... General Counsel

PFM FINANCIAL ADVISORS LLC .................................. Financial Advisor

TRUSTEE FOR THE SERIES 2018A-2 BONDS

ZB, NATIONAL ASSOCIATION, D/B/A ZIONS BANK

MASTER PROGRAM TRUSTEE

U.S. BANK TRUST NATIONAL ASSOCIATION
No dealer, broker, salesman or other person has been authorized by the I-Bank to give any information or to make any representations with respect to the I-Bank, the Department, the New Jersey Water Bank, the Construction Financing Program, the Water Bank Programs, any Borrower, any Participant, the Bond Resolutions, the Bonds (including, without limitation, the Series 2018A-2 Bonds), the I-Bank Loan Agreements, the Fund Loan Agreements, the Master Program Trust Agreement, the Borrower Bond Resolutions, the Borrower Bonds, the Borrower Service Agreements, the Borrower Guarantees, the Private Borrower Letters of Credit, the Private Borrower Mortgages, the Private Borrower Special Reserve Funds or the Continuing Disclosure Agreements (as such terms are defined herein) other than as contained in this Official Statement in connection with the offering of the Series 2018A-2 Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

Brief descriptions of the I-Bank, the Department, the New Jersey Water Bank, the Construction Financing Program, the Water Bank Programs, any Borrower, any Participant, the Bond Resolutions, the Bonds (including, without limitation, the Series 2018A-2 Bonds), the I-Bank Loan Agreements, the Fund Loan Agreements, the Master Program Trust Agreement, the Borrower Bond Resolutions, the Borrower Bonds, the Borrower Service Agreements, the Borrower Guarantees, the Private Borrower Letters of Credit, the Private Borrower Mortgages, the Private Borrower Special Reserve Funds and the Continuing Disclosure Agreements (as such terms are defined herein) are set forth in this Official Statement. However, any such description of an agreement or resolution as set forth herein is qualified in its entirety by reference to the definitive forms of such agreements and resolutions, copies of which may be examined at the principal corporate offices of the I-Bank located at 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey 08648 (telephone (609) 219-8600).

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute “forward looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions, to the extent that they are used herein, are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The I-Bank does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions or circumstances on which such statements are based, occur.

The I-Bank may place a copy of this Official Statement on its website at https://www.njib.gov/. Unless this Official Statement specifically and expressly indicates otherwise, no statement on the I-Bank’s website is included and incorporated by specific cross-reference or constitutes a part of this Official Statement. The I-Bank has prepared its website information for convenience of the public, but investors should not make any decision in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and the I-Bank assumes no liability or responsibility for errors or omissions on its website. Further, the I-Bank disclaims any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on its website. The I-Bank also assumes no liability or responsibility for any errors or omission or for any updates to dated website information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Series 2018A-2 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is distributed in connection with the sale of the Series 2018A-2 Bonds referred to herein and may not be used, in whole or in part, for any other purpose. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sales made hereunder shall, under any circumstances, create any implication that there has been no change in such information since the date hereof or any earlier date as of which any information contained herein is given.

- iii -
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>The I-Bank</td>
<td>1</td>
</tr>
<tr>
<td>The New Jersey Water Bank</td>
<td>2</td>
</tr>
<tr>
<td>Purpose for Issuance of the Series 2018A-2 Bonds by the I-Bank</td>
<td>2</td>
</tr>
<tr>
<td>The Issuance of the Series 2018A-2 Bonds as Green Bonds</td>
<td>2</td>
</tr>
<tr>
<td>Redemption of the Series 2018A-2 Bonds</td>
<td>3</td>
</tr>
<tr>
<td>Review by Persons Considering a Purchase of the Series 2018A-2 Bonds</td>
<td>4</td>
</tr>
<tr>
<td>NEW JERSEY INFRASTRUCTURE BANK</td>
<td>4</td>
</tr>
<tr>
<td>Creation, Legal Authority, Responsibilities and Organization</td>
<td>4</td>
</tr>
<tr>
<td>Recent Amendments to the I-Bank Act</td>
<td>5</td>
</tr>
<tr>
<td>Board of Directors of the I-Bank</td>
<td>6</td>
</tr>
<tr>
<td>NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION</td>
<td>7</td>
</tr>
<tr>
<td>THE PROJECTS</td>
<td>7</td>
</tr>
<tr>
<td>General</td>
<td>7</td>
</tr>
<tr>
<td>Series 2018A-2 Projects</td>
<td>8</td>
</tr>
<tr>
<td>FINANCING THE PROJECTS</td>
<td>8</td>
</tr>
<tr>
<td>Borrower Creditworthiness</td>
<td>8</td>
</tr>
<tr>
<td>Allowable Costs of a Project</td>
<td>8</td>
</tr>
<tr>
<td>I-Bank’s Construction Financing Program</td>
<td>8</td>
</tr>
<tr>
<td>Water Bank Program</td>
<td>9</td>
</tr>
<tr>
<td>I-Bank Loans Pursuant to the Water Bank Program</td>
<td>10</td>
</tr>
<tr>
<td>Fund Loans Pursuant to the Water Bank Program</td>
<td>10</td>
</tr>
<tr>
<td>The Ratio of the I-Bank Loan to the Fund Loan</td>
<td>12</td>
</tr>
<tr>
<td>Subordination within the Water Bank Program</td>
<td>12</td>
</tr>
<tr>
<td>Master Program Trust Agreement</td>
<td>12</td>
</tr>
<tr>
<td>THE SERIES 2018A-2 BONDS</td>
<td>13</td>
</tr>
<tr>
<td>General Description</td>
<td>13</td>
</tr>
<tr>
<td>Green Bonds</td>
<td>13</td>
</tr>
<tr>
<td>Optional Redemption</td>
<td>14</td>
</tr>
<tr>
<td>Possibility of Mandatory Sinking Fund Redemption</td>
<td>14</td>
</tr>
<tr>
<td>Refunding Bonds</td>
<td>15</td>
</tr>
<tr>
<td>Notice of Redemption</td>
<td>15</td>
</tr>
<tr>
<td>Book-Entry-Only System</td>
<td>15</td>
</tr>
<tr>
<td>SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS</td>
<td>17</td>
</tr>
<tr>
<td>The Master Program Trust Agreement</td>
<td>17</td>
</tr>
<tr>
<td>Coverage Providing Financing Programs</td>
<td>18</td>
</tr>
<tr>
<td>Coverage Receiving Financing Programs</td>
<td>18</td>
</tr>
</tbody>
</table>
SUMMARY

This Summary is provided for the convenience of potential investors and is expressly qualified by the entire Official Statement (including the cover and inside cover pages hereof and each of the Appendices attached hereto), which should be reviewed in its entirety by potential investors. Capitalized terms used in this Summary and not defined in this Summary shall have the respective meanings ascribed to such terms in the body of this Official Statement.

Issuer: New Jersey Infrastructure Bank (formerly known as the New Jersey Environmental Infrastructure Trust) (the “I-Bank). For information concerning recent statutory amendments to the I-Bank Act, including, without limitation, the change of the name of the “New Jersey Environmental Infrastructure Trust” to the “New Jersey Infrastructure Bank”, please see “THE NEW JERSEY INFRASTRUCTURE BANK” herein.


Dated Date: Date of Issuance.

Interest Due: March 1 and September 1, commencing September 1, 2019.

Principal Due: September 1 in each year as shown on the inside cover of this Official Statement.

Redemption: The Series 2018A-2 Bonds will be subject to optional redemption and may be subject to mandatory sinking fund redemption, all as more fully described in this Official Statement. See “THE SERIES 2018A-2 BONDS – Optional Redemption” and “THE SERIES 2018A-2 BONDS – Possibility of Mandatory Sinking Fund Redemption” herein.

Authorization: The Series 2018A-2 Bonds are being issued pursuant to (i) 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 has been, and may from time to time be, amended and supplemented, (ii) all other applicable laws, and (iii) the “Environmental Infrastructure Bond Resolution, Series 2018A-2”, adopted by the I-Bank on September 13, 2018, as the same may be amended and supplemented from time to time in accordance with the terms thereof. See “THE SERIES 2018A-2 BONDS” herein.

Purpose: The Series 2018A-2 Bonds are being issued by the I-Bank for the benefit of various municipalities and regional, county and municipal utilities and sewerage authorities (the “Series 2018A-2 Borrowers”) that are located throughout the State of New Jersey (the “State”) in order to: (i) finance, together with certain moneys of the State and moneys of certain of the Series 2018A-2 Borrowers, various improvements to their respective wastewater treatment systems and drinking water supply systems; and (ii) fund a portion of the costs of issuance relating to the Series 2018A-2 Bonds. See “THE PROJECTS” and “FINANCING THE PROJECTS” herein. For detailed descriptions of the projects financed with the proceeds of the Series 2018A-2 Bonds, see Appendix B hereto – “SERIES 2018A-2 BORROWERS”.

Designation as “Green Bonds”: The Series 2018A-2 Bonds are being issued as “Green Bonds” in order to finance improvements to wastewater treatment systems and drinking water supply systems throughout the State, according to, and in satisfaction of, applicable State and federal standards. The purpose of designating and offering the Series 2018A-2 Bonds as “Green Bonds” is to allow investors to invest directly in bonds that finance such environmentally beneficial projects. Holders of the Series 2018A-2 Bonds do not assume any specific risk with respect to any of the projects financed with the proceeds of the Series 2018A-2

*Preliminary, subject to change.
Bonds. The I-Bank will report annually on the use of the proceeds of the Series 2018A-2 Bonds until such proceeds have been fully expended. See “THE SERIES 2018A-2 BONDS – Green Bonds” herein. For detailed descriptions of the projects financed with the proceeds of the Series 2018A-2 Bonds, see Appendix B hereto – “SERIES 2018A-2 BORROWERS”.

Water Bank Program:
The I-Bank and the New Jersey Department of Environmental Protection jointly administer the State Revolving Fund programs of the State, that are authorized, in part, pursuant to the federal Water Quality Act and the federal Safe Drinking Water Act, in order to provide financial assistance to qualifying borrowers for their wastewater treatment projects and drinking water supply projects. See “INTRODUCTION – The New Jersey Water Bank” and “FINANCING THE PROJECTS” herein.

Sources of Payment and Security:
The Series 2018A-2 Bonds will be special obligations of the I-Bank, secured primarily by (i) the repayments by the Series 2018A-2 Borrowers of the Series 2018A-2 I-Bank Loans, which Series 2018A-2 I-Bank Loan repayment obligations are evidenced and secured by the respective Series 2018A-2 Borrower I-Bank Loan Bonds, (ii) the repayments by the Series 2018A-2 Borrowers of the companion Series 2018A-2 Fund Loans, which Series 2018A-2 Fund Loan repayment obligations are evidenced and secured by the respective Series 2018A-2 Borrower Fund Loan Bonds, (iii) certain of the repayments by those Borrowers in the Coverage Providing Financing Programs, that have received Coverage Providing Fund Loans, that are held by the Master Program Trustee in accordance with the terms of the Master Program Trust Agreement, (iv) with respect to certain authority Series 2018A-2 Borrowers only, moneys payable pursuant to (as applicable) (A) the Series 2018A-2 Borrower Service Agreements or (B) the Series 2018A-2 Government Borrower Guaranty, (v) with respect to two authority Series 2018A-2 Borrowers only, moneys on deposit in the Series 2018A-2 Borrower Debt Service Reserve Fund thereof, and (vi) certain State-aid payable to the municipal Series 2018A-2 Borrowers, certain municipal Series 2018A-2 Participants and the Series 2018A-2 Government Borrower Guarantor. For a more detailed discussion of the security for the Series 2018A-2 Bonds, see “SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS” and “SECURITY FOR THE SERIES 2018A-2 BONDS” herein.

Credit Rating:
Fitch Ratings, Moody’s Investors Service and Standard & Poor’s Ratings Services have assigned long-term debt ratings of “AAA”, “Aaa” and “AAA”, respectively, to the Series 2018A-2 Bonds.

Tax Matters:
In the opinion of McCarter & English, LLP, Bond Counsel to the I-Bank, assuming compliance by the I-Bank and the Series 2018A-2 Borrowers with certain tax covenants described in this Official Statement, under existing law interest on the Series 2018A-2 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. In the case of certain corporate holders of the Series 2018A-2 Bonds, interest on the Series 2018A-2 Bonds will be included in adjusted current earnings for purposes of the alternative minimum tax applicable to taxable years beginning before January 1, 2018. Bond Counsel to the I-Bank is further of the opinion that, under existing law, interest on the Series 2018A-2 Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

Book-Entry Form:
OFFICIAL STATEMENT

of the

NEW JERSEY INFRASTRUCTURE BANK
(formerly known as the New Jersey Environmental Infrastructure Trust)

Relating to its

$16,830,000*
Environmental Infrastructure Bonds, Series 2018A-2 (Green Bonds)

INTRODUCTION

This Official Statement, which includes the cover and inside cover pages hereof, the Summary herein and each of the Appendices attached hereto, has been disseminated by the New Jersey Infrastructure Bank (formerly known as the New Jersey Environmental Infrastructure Trust) (the “I-Bank”) to provide certain information relating to the I-Bank and to the issuance, sale and delivery by the I-Bank of its “Environmental Infrastructure Bonds, Series 2018A-2 (Green Bonds)”, dated the date of issuance thereof, in the aggregate principal amount of $16,830,000* (the “Series 2018A-2 Bonds”). The Series 2018A-2 Bonds are being issued pursuant to (i) 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 has been, and may from time to time be, amended and supplemented (the “I-Bank Act”), (ii) all other applicable laws, and (iii) the “Environmental Infrastructure Bond Resolution, Series 2018A-2”, adopted by the I-Bank on September 13, 2018, as the same may be amended and supplemented from time to time in accordance with the terms thereof (the “Series 2018A-2 Bond Resolution”).

The I-Bank

Effective as of January 16, 2018, various statutory amendments to the I-Bank Act were implemented that, collectively, serve to materially revise the statutory powers of the I-Bank and, additionally, serve to change the name of the I-Bank from the “New Jersey Environmental Infrastructure Trust” to the “New Jersey Infrastructure Bank”. See “THE NEW JERSEY INFRASTRUCTURE BANK” herein for a description of these statutory amendments.

The I-Bank is a public body corporate and politic with corporate succession, constituted as an instrumentality of the State of New Jersey (the “State”). With respect to the inclusion, pursuant to the above-referenced statutory amendments, of the word “Bank” in the name of the “New Jersey Infrastructure Bank”, the following is noted: The I-Bank is not (i) a “bank” or “savings bank” within the meaning of the New Jersey Banking Act of 1948, or (ii) a “national banking association” or a “federal savings bank” within the meaning of the National Bank Act. Further, the I-Bank is not subject to the general supervision of the New Jersey Department of Banking and Insurance or the Office of the Comptroller of the Currency (United States Treasury Department), the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation. The I-Bank does not accept “deposits” within the meaning of the New Jersey Banking Act of 1948 or the National Bank Act, and its obligations are not insured by the Federal Deposit Insurance Corporation.

* Preliminary, subject to change.
The New Jersey Water Bank

The I-Bank and the New Jersey Department of Environmental Protection (the “Department”) jointly administer the State Revolving Fund (the “SRF”) programs of the State that are authorized, in part, pursuant to the federal Water Quality Act and the federal Safe Drinking Water Act, in order to provide financial assistance to qualifying borrowers for their wastewater treatment projects and drinking water supply projects. These financing programs are jointly administered by the I-Bank and the Department, organizationally and by title, as the “New Jersey Water Bank” (the “New Jersey Water Bank”). Those financing programs that are included within the New Jersey Water Bank include the following:

(i) the long-term financing program (the “Water Bank Program”) of both the I-Bank and the Department, pursuant to which (A) the I-Bank extends an interest-bearing loan financed with the proceeds of its bonds (the “I-Bank Loan”) to qualifying borrowers for their wastewater treatment projects and drinking water supply projects, and (B) the State, acting by and through the Department, extends a companion zero-interest-bearing loan from various funding sources available to it, including, without limitation, the SRF (the “Fund Loan”), to qualifying borrowers for such projects (the I-Bank Loans and the Fund Loans shall be referred to collectively herein as the “Loans”); and

(ii) the short-term construction financing program that is jointly administered by the I-Bank and the Department (the “Construction Financing Program”), pursuant to which the I-Bank extends such Construction Financing Program loans to qualifying borrowers in order for such borrowers to commence and undertake (i) the planning and design of their respective projects and (ii) all or a portion of the construction of their respective projects, in anticipation of the subsequent qualification for, and receipt of, long-term financing through an I-Bank Loan and a Fund Loan pursuant to the Water Bank Program.


Due to the complexity of the Water Bank Program and the Construction Financing Program, investors considering a purchase of the Series 2018A-2 Bonds may wish to refer to the glossary containing the defined terms used throughout this Official Statement, which glossary is set forth as Appendix I hereto.

Purpose for Issuance of the Series 2018A-2 Bonds by the I-Bank

The Series 2018A-2 Bonds are being issued by the I-Bank for the benefit of the Borrowers (as herein defined) that are participating in the Series 2018A-2 (SFY2019) Water Bank Program (the “Series 2018A-2 Borrowers”) in order to:

(i) finance, together with certain moneys of the State and moneys of certain of the Series 2018A-2 Borrowers, various System (as defined herein) improvements, as part of the Series 2018A-2 (SFY2019) Water Bank Program; and

(ii) fund a portion of the costs of issuance relating to the Series 2018A-2 Bonds.

See “THE PROJECTS” and “SOURCES AND USES OF FUNDS FOR THE SERIES 2018A-2 BONDS” herein.

The Issuance of the Series 2018A-2 Bonds as Green Bonds

The Series 2018A-2 Bonds are being issued as “Green Bonds” in order to finance System improvements that are designed to improve the quality of wastewater treatment systems and drinking water supply systems throughout the State, according to, and in satisfaction of, applicable State and federal standards. The purpose of designating and offering the Series 2018A-2 Bonds as “Green Bonds” is to allow investors to invest directly in bonds that finance such environmentally beneficial projects. Holders of the Series 2018A-2 Bonds do not assume any specific risk

**Security for the Series 2018A-2 Bonds**

The Series 2018A-2 Bonds will be special obligations of the I-Bank, secured primarily by:

(i) the repayments by the Series 2018A-2 Borrowers of the Series 2018A-2 I-Bank Loans (as defined herein) made by the I-Bank, which Series 2018A-2 I-Bank Loan repayment obligations are evidenced and secured by the respective Series 2018A-2 Borrower I-Bank Loan Bonds (as defined herein);

(ii) the repayments by the Series 2018A-2 Borrowers of the companion Series 2018A-2 Fund Loans (as defined herein) made by the State, acting by and through the Department, which Series 2018A-2 Fund Loan repayment obligations are evidenced and secured by the respective Series 2018A-2 Borrower Fund Loan Bonds (as defined herein);

(iii) with respect to certain authority Series 2018A-2 Borrowers only, moneys payable, as applicable, pursuant to either (A) the Series 2018A-2 Borrower Service Agreements (as defined herein), in the case of six authority Series 2018A-2 Borrowers, or (B) the Series 2018A-2 Government Borrower Guaranty (as defined herein), in the case of one authority Series 2018A-2 Borrower;

(iv) with respect to two authority Series 2018A-2 Borrowers only, moneys on deposit in the Series 2018A-2 Borrower Debt Service Reserve Fund thereof (as hereinafter defined);

(v) certain of the repayments by those Borrowers (as defined herein) in the Coverage Providing Financing Programs (as defined herein) that have received Coverage Providing Fund Loans (as defined herein) that are held by the Master Program Trustee (as defined herein) in accordance with the terms of the Master Program Trust Agreement (as defined herein); and

(vi) certain State-aid payable to the municipal Series 2018A-2 Borrowers, certain municipal Series 2018A-2 Participants (as defined herein) and the Series 2018A-2 Government Borrower Guarantor (as defined herein).

For a more detailed discussion of the security for the Series 2018A-2 Bonds, see “SECURITY FOR THE SERIES 2018A-2 BONDS” herein. See also “SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS” herein.

With respect to certain Series 2018A-2 Fund Loans, on the date of issuance of the Series 2018A-2 Bonds, the State will forgive the repayment of a portion of the principal of each such Fund Loan (each, a “Principal Forgiveness Fund Loan”). For additional information with respect to Principal Forgiveness Fund Loans as well as information with respect to those Series 2018A-2 Borrowers that are receiving Principal Forgiveness Fund Loans, see “FINANCING THE PROJECTS – Fund Loans Pursuant to the Water Bank Program” herein and Appendix B hereto – “SERIES 2018A-2 BORROWERS”.

**Redemption of the Series 2018A-2 Bonds**

The Series 2018A-2 Bonds will be subject to optional redemption as more fully described herein. See “THE SERIES 2018A-2 BONDS – Optional Redemption” herein. The Series 2018A-2 Bonds may be subject to mandatory sinking fund redemption as more fully described herein. See “THE SERIES 2018A-2 BONDS – Possibility of Mandatory Sinking Fund Redemption” herein.
Review by Persons Considering a Purchase of the Series 2018A-2 Bonds

This introduction is a brief description of certain of the matters set forth in this Official Statement and is qualified by reference to the entire Official Statement. Persons considering a purchase of the Series 2018A-2 Bonds should read this Official Statement in its entirety, including, without limitation, the cover and inside cover pages, the Summary herein and each of the Appendices attached hereto. The summaries of and references to all documents, statutes, reports and other instruments that are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is further qualified in its entirety by reference to such document, statute, report or instrument.

Brief descriptions of the I-Bank, the Department, the New Jersey Water Bank, the Construction Financing Program, the Water Bank Programs, any Borrower, any Participant, the Bond Resolutions, the Bonds (including, without limitation, the Series 2018A-2 Bonds), the I-Bank Loan Agreements, the Fund Loan Agreements, the Master Program Trust Agreement, the Borrower Bond Resolutions, the Borrower Loans, the Borrower Service Agreements, the Borrower Guaranties, the Private Borrower Letters of Credit, the Private Borrower Mortgages, the Private Borrower Special Reserve Funds and the Continuing Disclosure Agreements (as such terms are defined herein) are set forth in this Official Statement. However, any such description of an agreement or resolution as set forth herein is qualified in its entirety by reference to the definitive forms of such agreements and resolutions, copies of which may be examined at the principal corporate offices of the I-Bank located at 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey 08648 (telephone (609) 219-8600) (the “I-Bank Offices”).

NEW JERSEY INFRASTRUCTURE BANK
(formerly known as the New Jersey Environmental Infrastructure Trust)

Creation, Legal Authority, Responsibilities and Organization

The I-Bank, originally organized in August of 1986 as the “New Jersey Wastewater Treatment Trust”, is a public body corporate and politic with corporate succession, constituted as an instrumentality of the State, exercising public and essential government functions, and organized and existing under and pursuant to the I-Bank Act. For the purpose of complying with Article V, Section IV, Paragraph 1 of the State Constitution, the I-Bank is allocated within, but is independent of any supervision or control by, the New Jersey Department of the Treasury.

Since 1987, the I-Bank and the State have provided loan financing for allowable costs of acquiring, constructing, improving or installing (“Allowable Costs”) wastewater treatment projects (the “Wastewater Treatment Projects”) for wastewater treatment systems (the “Wastewater Treatment Systems”) undertaken by “local government units” in the State (the “Wastewater Treatment Borrowers”).

Beginning in 1998, the I-Bank, then operating as the “New Jersey Environmental Infrastructure Trust”, and the State expanded the New Jersey Water Bank to include the provision of loan financing for Allowable Costs of drinking water supply projects (the “Water Supply Projects”; the Wastewater Treatment Projects and the Water Supply Projects shall be referred to collectively herein as the “Projects”) for drinking water supply systems (the “Water Supply Systems”; the Wastewater Treatment Systems and the Water Supply Systems shall be referred to collectively herein as the “Systems”) undertaken by local government units, private entities and nonprofit entities (collectively, the “Water Supply Borrowers”; the Wastewater Treatment Borrowers and the Water Supply Borrowers shall be referred to collectively herein as the “Borrowers”).

“Local government units” (the “Local Unit Borrowers”) that are eligible Wastewater Treatment Borrowers include, without limitation, counties, municipalities and regional, county and municipal utilities, sewerage and improvement authorities, commissions and joint meetings located in the State, as well as State authorities. Water Supply Borrowers include, without limitation, private water supply companies and nonprofit corporations (collectively, the “Private Borrowers”), as well as Local Unit Borrowers.
Recent Amendments to the I-Bank Act

On October 14, 2016, the I-Bank Act was further amended pursuant to Public Law 2016, Chapter 56 (the “Amending Statute”). The Amending Statute, which became effective on January 16, 2018, pursuant to Public Law 2017, Chapter 327, changed the name of the I-Bank to the “New Jersey Infrastructure Bank” and expanded the statutory authority of the I-Bank. More specifically, the Amending Statute implemented the following statutory modifications to the I-Bank Act:

- The I-Bank has been granted the expanded statutory authority to make loans and provide other assistance to local government units to finance, pursuant to the I-Bank Act, the cost of various transportation projects, as such transportation projects are more fully defined in the I-Bank Act.
- The I-Bank has been granted the expanded statutory authority to issue its bonds, notes or other obligations as shall be necessary to provide sufficient funds for the purposes of making loans and providing other assistance to local government units to finance, pursuant to the I-Bank Act, the cost of transportation projects.
- The membership of the board of directors of the I-Bank has been increased from 7 directors to 10 directors, with the number of public members being increased from 4 to 6 and the number of ex officio members being increased from 3 to 4. Pursuant to the Amending Statute, the Commissioner of the Department of Transportation, as an ex officio member, has joined the Commissioner of the Department of Community Affairs, the Commissioner of the Department of Environmental Protection, and the State Treasurer.
- The Amending Statute includes various other amendments and supplements to the I-Bank Act for the purpose of expanding the statutory authority of the I-Bank so as to fully implement the new transportation program of the I-Bank.

Given this expansion of its statutory authority, the I-Bank currently is structured organizationally as two distinct operating departments: (i) one department for the purpose of operating its environmental infrastructure financing programs, which programs, as noted earlier, are referred to collectively as the New Jersey Water Bank, and (ii) a second department for the purpose of operating its transportation infrastructure financing programs, which programs are referred to collectively as the “New Jersey Transportation Bank” (the “New Jersey Transportation Bank”).

The I-Bank has not yet issued a series of bonds on behalf of its new New Jersey Transportation Bank. Each series of bonds that is issued by the I-Bank, whether issued on behalf of its long-standing New Jersey Water Bank or its new New Jersey Transportation Bank, is issued pursuant to a separate and distinct resolution and is NOT secured on a parity basis; provided, however, that each series of the I-Bank’s bonds that is issued on behalf of the New Jersey Water Bank shares a common interest in the Master Program Trust Agreement and, therefore, each such series of New Jersey Water Bank bonds are parity to the limited extent of such common interest in such pledged funds. The issuance by the I-Bank at some time in the future of one or more series of bonds on behalf of the New Jersey Transportation Bank shall have no impact upon, and shall not diminish, the security for, or the collateral pledged to, the Series 2018A-2 Bonds or any other series of I-Bank Bonds (as defined herein) issued on behalf of the New Jersey Water Bank.

With respect to the inclusion, pursuant to the Amending Statute, of the word “Bank” in the name of the “New Jersey Infrastructure Bank”, the following is noted: The I-Bank is not (i) a “bank” or “savings bank” within the meaning the New Jersey Banking Act of 1948, or (ii) a “national banking association” or a “federal savings bank” within the meaning of the National Bank Act. Further, the I-Bank is not subject to the general supervision of the New Jersey Department of Banking and Insurance or the Office of the Comptroller of the Currency (United States Treasury Department), the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation. The I-Bank does not accept “deposits” within the meaning of the New Jersey Banking Act of 1948 or the National Bank Act, and its obligations are not insured by the Federal Deposit Insurance Corporation.
Board of Directors of the I-Bank

The I-Bank consists of, and is governed by, a ten-member Board of Directors. Four are members ex officio: (i) the New Jersey State Treasurer; (ii) the Commissioner of the New Jersey Department of Community Affairs; (iii) the Commissioner of the New Jersey Department of Environmental Protection; and (iv) the Commissioner of the New Jersey Department of Transportation. The six remaining directors are appointed. Two directors are appointed by the Governor of the State (the “Governor”) upon the recommendation of the President of the State Senate. Two directors are appointed by the Governor upon the recommendation of the Speaker of the State General Assembly. The four aforementioned appointees serve during the two year legislative term in which they are appointed. Two additional directors are appointed by the Governor with the advice and consent of the State Senate, each for a four year term. Each appointed director serves until a successor is appointed and qualified, and is eligible for reappointment. Any vacancy is filled in the same manner as the original appointment. The Governor designates one of the appointed directors to be the chairman and chief executive officer, who serves in such office for a term of two years and until a successor has been designated. The directors elect biannually a vice chairman, a treasurer and a secretary from among the appointed directors.

The current directors and officers of the I-Bank are as set forth below.

- **Robert A. Briant, Jr., Vice Chairman;** Chief Executive Officer, Utility and Transportation Contractors Association. Mr. Briant was appointed by the Governor upon the recommendation of the President of the State Senate. Mr. Briant’s current term expired on January 12, 2016; he continues to serve until a successor is appointed and qualified.

- **Roger Ellis, Treasurer;** Recording Secretary, Heavy Construction Laborers Local 472. Mr. Ellis was appointed by the Governor with the advice and consent of the State Senate. Mr. Ellis’ current term expired on May 13, 2016; he continues to serve until a successor is appointed and qualified.

- **Mark Longo, Secretary;** Director, Engineers Labor-Employer Cooperative. Mr. Longo was appointed by the Governor upon the recommendation of the Speaker of the State General Assembly. Mr. Longo’s current term expired on January 9, 2018; he continues to serve until a successor is appointed and qualified.

- **Diane Gutierrez-Scaccetti, Director, ex officio;** Commissioner of the New Jersey Department of Transportation.

- **Catherine R. McCabe, Director, ex officio;** Commissioner of the New Jersey Department of Environmental Protection.

- **Elizabeth M. Muoio, Director, ex officio;** New Jersey State Treasurer.

- **Sheila Y. Oliver, Director, ex officio;** Commissioner of the New Jersey Department of Community Affairs. Ms. Oliver also serves as the elected Lieutenant Governor of the State.

Currently, there are three vacancies on the Board of Directors of the I-Bank, and the office of the Chairman of the I-Bank also is vacant.

The I-Bank also has an Executive Director, David E. Zimmer, who serves at the pleasure of the Board of Directors. Mr. Zimmer has been serving as Executive Director of the I-Bank since November 24, 2010, and is also the Assistant Secretary of the I-Bank.
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

The Department collaborates in partnership with the I-Bank with respect to the Water Bank Program, the I-Bank’s Construction Financing Program as well as all other financing programs that are administered by the I-Bank and the Department pursuant to the New Jersey Water Bank (collectively, the “Financing Programs”).

The role of the Department with respect to the Financing Programs and each Project financed thereby includes the following:

- environmental and cultural resource assessments, resulting in the issuance of an Environmental Decision Document;
- determination as to compliance with Federal Regulations and Department Regulations (as such terms are defined herein);
- technical design review and approval;
- engineering services agreement review and approval;
- permitting review and approval;
- review and approval of the bidding and award of construction contracts;
- final inspections on all construction contracts and determination of final construction acceptance;
- review and approval (together with the I-Bank) of all payment requisitions;
- contractor claim evaluation, mediation and resolution;
- administration of Fund Loan repayments;
- regulatory coordination with the United States Environmental Protection Agency (the “USEPA”); and
- construction and post-construction monitoring.

The Department undertakes these responsibilities through its Municipal Finance & Construction Element within the Division of Water Quality and, specifically, (i) the Element’s Bureau of Environmental Engineering and Permitting, which is organized into the Environmental Review Section, the Engineering Review Section and the Permitting Review Section, and (ii) the Element’s Bureau of Construction, Payments and Administration, which is organized into the Policy, Program Development and Administration Section and the Payment Section.

In general, the collaborative partnership between the I-Bank and the Department is one in which the I-Bank has responsibility for the administration of the Financing Programs and the Department has responsibility for the technical review, approval and oversight of the planning, design and construction of the Projects.

THE PROJECTS

General

Pursuant to the I-Bank Act, at least once during each State fiscal year a list of Wastewater Treatment Projects and a list of Water Supply Projects that are eligible for financing must be submitted to the State Legislature (each, a “Project Priority List”). In such Project Priority List, the Projects are ranked in order of priority based upon ranking criteria developed in conformance with the provisions of applicable federal legislation. Such Project Priority Lists set forth a description of each Project and the estimated project cost, which serves as the aggregate amount of the funds authorized for the proposed I-Bank Loan and Fund Loan to be made pursuant to the Water Bank Program with respect to each such Project. The I-Bank may revise or supplement the Project Priority Lists up to four times during the State fiscal year. In addition, the State Legislature adopts legislation semi-annually setting forth the Projects that may be long-term financed during such State fiscal year by the I-Bank and the State pursuant to the Water Bank Program, and the maximum principal amount of the I-Bank Loan and Fund Loan to be made pursuant to the Water Bank Program with respect to each such Project. Pursuant to the I-Bank Act, the I-Bank also must submit to the State Legislature an annual Financial Plan (the “Water Bank Financial Plan”) of the I-Bank and the Department that sets forth, among other things, how the I-Bank intends to fund the I-Bank Loans for the Projects approved by the
State Legislature. Annually, the State Legislature approves such Water Bank Financial Plan. See “FINANCING
THE PROJECTS - The Water Bank Program” herein.

Projects that are identified on the Project Priority List also may qualify for financing through the Construction
Financing Program of the I-Bank, according to the terms of which an applicant may seek short-term financing from
the I-Bank in order to commence and undertake (i) the planning and design of its Project and (ii) all or a portion of
the construction of its Project, in anticipation of the subsequent qualification for, and receipt of, long-term financing
through an I-Bank Loan and a Fund Loan from the Water Bank Program. See “FINANCING THE PROJECTS -
The I-Bank’s Construction Financing Program” herein.

Series 2018A-2 Projects

A brief description of each Series 2018A-2 Project, as well as information concerning the Series 2018A-2
Borrowers, the amounts of the Series 2018A-2 I-Bank Loans and the Series 2018A-2 Fund Loans to be made by the
I-Bank and the State, respectively, to each such Series 2018A-2 Borrower, and certain other information relevant to
the Series 2018A Projects and the financing thereof is included in Appendix B hereto – “SERIES 2018A-2
BORROWERS”.

FINANCING THE PROJECTS

Borrower Creditworthiness

In order to successfully apply for financial assistance from the I-Bank and the State, acting by and through the
Department, with respect to either the I-Bank’s Construction Financing Program or the Water Bank Program, or any
other Financing Program offered by the I-Bank and the State, an applicant must demonstrate its creditworthiness by
means of compliance with (i) the credit policy established by the I-Bank relating to any financial assistance provided
by it, and (ii) the credit policy established by the State Treasurer relating to any financial assistance provided by the
State, acting by and through the Department. The I-Bank’s credit policy, with the State Treasurer’s credit policy
attached thereto as an exhibit, is available from the I-Bank on its website, and remains subject to modification and
update from time to time. Most fundamentally, but subject to limited exceptions as and when applicable, each such
credit policy requires that an applicant demonstrate an investment grade credit rating.

Allowable Costs of a Project

The Allowable Costs of a Project that may be financed through each of the I-Bank’s Construction Financing
Program and the Water Bank Program are calculated and determined pursuant to (i) the rules and regulations of the
I-Bank (the “I-Bank Regulations”), (ii) the rules and regulations of the Department (the “Department Regulations”)
and (iii) certain applicable federal regulations (the “Federal Regulations”; the I-Bank Regulations, the Department
Regulations and the Federal Regulations shall be referred to collectively herein as the “Regulations”). There are
certain costs associated with a Project and the financing thereof that, pursuant to applicable Regulations, are not
Allowable Costs. In certain instances, funds of the Borrower will provide for (i) the unallowable costs of a Project
that cannot be financed through either the I-Bank’s Construction Financing Program or the Water Bank Program and
(ii) any Allowable Costs of the Project that (a) the Borrower elects not to fund through the I-Bank’s Construction
Financing Program or the Water Bank Program, or (b) represent post-closing cost overruns with respect to the
Project. However, in the event that the actual Allowable Costs of any Project exceed Construction Financing
Program funding or the Loans made for such Project in any Water Bank Program, the Borrower constructing such
Project may apply for, as applicable, an additional Construction Financing Program loan or a supplemental I-Bank
Loan and a supplemental Fund Loan in any succeeding Water Bank Program.

I-Bank’s Construction Financing Program

Pursuant to the provisions of the I-Bank Act, the I-Bank has established various short-term loan programs,
including, without limitation, its Construction Financing Program, according to the terms of which an applicant may
seek short-term financing from the I-Bank in order to commence and undertake (i) the planning and design of its Project and (ii) all or a portion of the construction of its Project, in anticipation of the subsequent qualification for, and receipt of, long-term financing from the Water Bank Program through an I-Bank Loan and a Fund Loan. Funding for the Construction Financing Program is made available to the I-Bank annually through an appropriation by the State Legislature to the I-Bank. In order for an applicant and its Project to qualify for financing through the Construction Financing Program, the applicant and Project must be listed on the Project Priority List. Once an applicant and its Project have been approved by the I-Bank for financing through the Construction Financing Program, a loan is provided by means of the placement with, and purchase by, the I-Bank of such Borrower’s short-term note (the “CFP Note”). Therefore, the Construction Financing Program is structured as a note purchase program with the CFP Note establishing and securing the loan repayment obligation of the Borrower to the I-Bank. Generally, each CFP Note bears interest at a rate of 0%; however, it currently is anticipated that future Construction Financing Program loans will be interest bearing loans. Subject to certain limited exceptions, the maximum maturity date for the CFP Note is three full State fiscal years following the State fiscal year during which the CFP Note was issued by the Borrower and placed with the I-Bank, subject to the provision of five full State fiscal years in the case of a Project consisting of both planning and design and construction. On or prior to the maturity date of the CFP Note and once the Borrower has satisfied each of the conditions precedent to receipt for its Project of long-term Water Bank Program financing through an I-Bank Loan and a Fund Loan, the CFP Note will be refinanced and paid off with the proceeds of such long-term I-Bank Loan and Fund Loan that are provided to such Borrower for its Project. Thereby the short-term Construction Financing Program loan is converted to the long-term Water Bank Program Loans. The attainment of certain construction completion thresholds that are established by the I-Bank and the Department is one of the conditions precedent to such conversion.

Each Series 2018A-2 Borrower, other than the City of Burlington (Project S340140-01) and the City of Bordentown (Project 0303001-008), has received a Construction Financing Program loan from the I-Bank for purposes of commencing, as applicable, the planning and design and all or a portion of the construction of its respective Series 2018A-2 Project, which Construction Financing Program loans will be refinanced and paid off, concurrently with the issuance of the Series 2018A-2 Bonds, with proceeds of the Loans that are provided to each such Series 2018A-2 Borrower pursuant to the Series 2018A-2 (SFY2019) Water Bank Program. As a result of the impact of the I-Bank’s Construction Financing Program, the Series 2018A-2 Borrowers have achieved, collectively, approximately 90% construction completion regarding their respective Series 2018A-2 Projects that will be financed through the Series 2018A-2 (SFY2019) Water Bank Program. As a result, following the refinancing and pay off of the outstanding Construction Financing Program loans of the Series 2018A-2 Borrowers upon issuance of the Series 2018A-2 Bonds, there will be relatively few proceeds of the Series 2018A-2 Bonds that remain to be requisitioned and disbursed for purposes of paying costs associated with construction completion of the Series 2018A-2 Projects. See “APPENDIX B: SERIES 2018A-2 BORROWERS” for information concerning the Series 2018A-2 Projects that previously have been financed through the Construction Financing Program, as well as information with respect to such outstanding Construction Financing Program loans.

Water Bank Program

In each Water Bank Program, the long-term financing of the Project of each Borrower is achieved through a combination of several sources of funds:

(i) an interest bearing I-Bank Loan from the I-Bank;

(ii) a companion zero-interest Fund Loan from the State, acting by and through the Department; and

(iii) if necessary, funds of the Borrower obtained from any lawful source, for all costs of the Project that cannot or, by election of the Borrower, will not be financed by the Loans.

The sum of the I-Bank Loan and the Fund Loan provides the moneys necessary to fund all or a portion of the Allowable Costs of a Project. In addition, to the extent that there are certain costs associated with a Project that are not Allowable Costs, certain of such costs may be financed exclusively with proceeds of the I-Bank Loan to the extent permitted by the I-Bank Regulations.
I-Bank Loans Pursuant to the Water Bank Program

The principal amount of each I-Bank Loan made by the I-Bank consists of the following:

(i) an amount sufficient to fund, for the Series 2018A-2 (SFY2019) Water Bank Program, up to 25% of the Allowable Costs of the Project, excluding from such calculation that portion of the Allowable Costs of the Project that are addressed by clause (ii), below;

(ii) an amount sufficient to fund 50% of that portion of the Allowable Costs of the Project consisting of certain engineering and environmental services provided by the Department;

(iii) if elected by the Borrower (collectively, the “Reserve Capacity Borrowers”), an amount sufficient to fund 100% of the Project costs associated with providing System capacity not currently required by current System users; however, in the case of certain types of Projects, such costs are included by the Regulations in the Allowable Costs of the Project;

(iv) that portion of the costs of issuance relating to the Bonds that is financed with proceeds of the Bonds and is allocable to a given Borrower; and

(v) if elected by the Borrower, the amount sufficient to fund capitalized interest with respect to the I-Bank Loan of such Borrower, to the extent permitted by the Regulations.


The I-Bank Loan is financed by the I-Bank with the proceeds of a series of bonds of the I-Bank (the “Bonds”). Each I-Bank Loan is made by the I-Bank pursuant to a loan agreement (the “I-Bank Loan Agreement”) by and between the I-Bank and the Borrower. The repayment obligations of the Borrower, pursuant to the I-Bank Loan Agreement, are evidenced and secured by a bond, note or other obligation issued by or on behalf of the Borrower in favor of the I-Bank (the “Borrower I-Bank Loan Bonds”) pursuant to the terms of the Borrower’s bond ordinance or resolution authorizing the issuance of such Borrower I-Bank Loan Bond (the “Borrower I-Bank Loan Bond Resolutions”). I-Bank Loan repayments are established to be due and owing at such times and in such aggregate amounts as is necessary to pay the debt service on the series of Bonds that financed the I-Bank Loans. All principal of and interest on Borrower I-Bank Loan Bonds (evidencing and securing the principal of and interest on the I-Bank Loans) is payable at least thirty (30) days prior to the payment dates of the respective series of Bonds from which any such I-Bank Loans were funded. Each Borrower I-Bank Loan Bond is assigned by the I-Bank to the trustee (the “Trustee”) for the series of Bonds that financed the I-Bank Loan of any such Borrower as collateral security for such series of Bonds. For a description of the provisions of the I-Bank Loan Agreements, see Appendix F hereto – “SUMMARY OF THE SERIES 2018A-2 I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE SERIES 2018A-2 BORROWERS), THE SERIES 2018A-2 FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS”.

Typically, the proceeds of a series of Bonds will finance the making of a number of I-Bank Loans. Any series of Bonds must be issued pursuant to the I-Bank Act, all other applicable laws, and the terms of a bond resolution duly adopted by the I-Bank (the “Bond Resolution”). Multiple series of Bonds, each issued pursuant to a separate and distinct Bond Resolution (in separate or the same Water Bank Programs), are not secured on a parity basis, except to the extent that their common interest in certain moneys made available pursuant to the Master Program Trust Agreement. A particular series of Bonds may fund both Wastewater Treatment Projects and Water Supply Projects, and the security for one Project may be used to secure another type of Project in accordance with the Federal Regulations. Not including the Series 2018A-2 Bonds, the I-Bank previously has issued Bonds (excluding Refunding Bonds (as defined in the Bond Resolutions)) in the aggregate principal amount of $2,759,140,000.

Fund Loans Pursuant to the Water Bank Program

The principal amount of each Fund Loan made by the State, acting by and through the Department consists of an amount sufficient to fund, for the Series 2018A-2 (SFY2019) Water Bank Program, up to 75% of the Allowable
Costs of the Project (excluding from such calculation that portion of the Allowable Costs of the Project in an amount equal to 50% of that portion of the Allowable Costs of the Project consisting of certain engineering and environmental services provided by the Department). See “FINANCING THE PROJECTS – The Ratio of the I-Bank Loan to the Fund Loan” herein.

The Fund Loan is financed from a combination of (i) capitalization grants from the United States federal government, (ii) proceeds from the issuance of general obligation bonds of the State (except in the case of Fund Loans made to Private Borrowers), (iii) appropriations from the State Legislature, and (iv) repayments of prior Fund Loans, which repayments have been deposited in the SRF.

From time to time, the State has provided Principal Forgiveness Fund Loans to certain qualifying Borrowers through a variety of different programmatic incentives, pursuant to which such Borrowers may qualify for forgiveness with respect to a portion of their Fund Loan principal repayment obligations. Such Principal Forgiveness Fund Loan programs include those described below:

(i) Fund Loans made from monies provided by the United States federal government to the State pursuant to the Disaster Relief Appropriations Act of 2013 (collectively, the “Sandy Fund Loans”), enacted in response to Superstorm Sandy, may qualify for principal forgiveness in an amount equal to 19% of the initial principal amount of the Project funding that was provided through the Water Bank Program, with such forgiveness applied to the Fund Loan made to such Borrowers;

(ii) Fund Loans made to certain qualifying Borrowers for their small water system Projects through the “Small System Loan Program” (also referred to as the “Nano Program”), may qualify for principal forgiveness in an amount equal to the lesser of (i) one half (1/2) of the initial principal amount of the Project funding that was provided through the Nano Program for such small water system Projects, or (ii) $500,000, with such forgiveness applied to the Fund Loan made to such Borrowers; and

(iii) Fund Loans made to certain qualifying Borrowers for their combined sewer overflow (CSO) Projects may qualify for principal forgiveness in an amount equal to up to 50% of the initial principal amount of the Project funding that was provided through such program incentive, with such forgiveness applied to the Fund Loan made to such Borrowers.

Each of the above-identified Principal Forgiveness Fund Loan programs provides a Principal Forgiveness Fund Loan to one or more of the Series 2018A-2 Borrowers. For information with respect to the Series 2018A-2 Borrowers that are receiving Principal Forgiveness Fund Loans pursuant to the above-identified Principal Forgiveness Fund Loan programs, see Appendix B hereto - “SERIES 2018A-2 BORROWERS”.

Each Fund Loan is made pursuant to a loan agreement (the “Fund Loan Agreement”; the I-Bank Loan Agreements and the Fund Loan Agreements shall be referred to collectively herein as the “Loan Agreements”), by and between the State, acting by and through the Department, and the Borrower. The repayment obligations of the Borrower, pursuant to the Fund Loan Agreement, are evidenced and secured by a bond, note or other obligation issued by or on behalf of the Borrower in favor of the State (the “Borrower Fund Loan Bonds”; the Borrower I-Bank Loan Bonds and the Borrower Fund Loan Bonds shall be referred to collectively herein as the “Borrower Bonds”) pursuant to the terms of the Borrower’s bond ordinance or resolution authorizing the issuance of such Borrower Fund Loan Bonds (the “Borrower Fund Loan Bond Resolutions”; the Borrower I-Bank Loan Bond Resolutions and the Borrower Fund Loan Bond Resolutions shall be referred to collectively herein as the “Borrower Bond Resolutions”). All principal of the Borrower Fund Loan Bonds (evidencing and securing the principal of the respective Fund Loans) is payable at least thirty (30) days prior to the payment date of the respective series of Bonds from which any companion I-Bank Loans were funded in order to provide additional security for such Bonds. For a description of the provisions of the Fund Loan Agreements, see Appendix F hereto – “SUMMARY OF THE SERIES 2018A-2 I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE SERIES 2018A-2 BORROWERS), THE SERIES 2018A-2 FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS”.

- 11 -
The Ratio of the I-Bank Loan to the Fund Loan

The inaugural Water Bank Program in 1987 was structured such that approximately 50% of the funding for each Project was provided by the I-Bank Loan and approximately 50% of such funding was provided by the Fund Loan (subject to certain additional Project and financing costs that were funded exclusively by the I-Bank Loan). This ratio of the I-Bank Loan to the Fund Loan continued until the 2009 Water Bank Program, pursuant to which approximately 25% of the funding for each Project was provided by the I-Bank Loan and approximately 75% of such funding was provided by the Fund Loan (again, subject to certain additional Project and financing costs that were funded exclusively by the I-Bank Loan). Such Loan ratio (25% I-Bank Loan to 75% Fund Loan) has remained applicable to each Water Bank Program since then, including with respect to the Series 2018A-2 (SFY2019) Water Bank Program. However, such Loan ratio remains subject to further modification by the I-Bank and the Department at any time in the future. More specifically, the I-Bank and the Department make a determination annually as to the Loan ratio that shall apply to the Water Bank Program for such State fiscal year. Such determination is the subject of a formal review and approval process via the Department’s preparation and submission to the USEPA of its Intended Use Plan, which Plan must be approved by the USEPA. See “SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAM – Amount of Coverage” herein. See Appendix D hereto – “AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE”.

Subordination within the Water Bank Program

Each Borrower acknowledges, in its respective Loan Agreements, the right of the I-Bank to apply repayments of its Fund Loan to the payment of debt service on the Bonds that financed its companion I-Bank Loan and prior to the application of such repayments to the Fund Loan itself. The terms of the Bond Resolutions (i) ensure the priority of the repayment of the I-Bank Loan and, therefore, payment of debt service on Bonds that financed such I-Bank Loan, over the repayment of the companion Fund Loan of such Borrower, and (ii) facilitate, generally (either directly, or indirectly through a loan servicer), I-Bank Loan and Fund Loan repayments by the Borrowers.

Further, pursuant to the Loan Agreements and the Bond Resolutions, the Trustee for any Water Bank Program acting for the benefit of the holders of a series of Bonds secured by I-Bank Loans that are past due will receive any Fund Loan repayments made by the other Borrowers within such Series up to an amount necessary to satisfy any such I-Bank Loan deficiency and, therefore, the payment of debt service on Bonds that financed such I-Bank Loans.

Any such Trustee need not pursue, nor cause the I-Bank to pursue, any rights or remedies in order to receive the Fund Loan repayments, because all Loan repayments (both I-Bank Loan repayments and Fund Loan repayments) for any given Water Bank Program relating to a particular series of Bonds are paid (either directly, or indirectly through a loan servicer) to the Trustee for such series of Bonds.

Regardless of whether the Trustee satisfies any deficiency from Fund Loan repayments, as described herein, the I-Bank and the Trustee retain their rights to pursue any other remedies discussed in this Official Statement. See “SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS” and “SECURITY FOR THE SERIES 2018A-2 BONDS” herein.

Master Program Trust Agreement

Bonds that are issued by the I-Bank as Coverage Receiving Bonds (as defined herein) are secured by Fund Loan repayments, made pursuant to each of the Coverage Providing Financing Programs, that have been transferred to the Master Program Trustee for deposit in the Master Program Trust Account. These Fund Loan repayments, made pursuant to the Coverage Providing Financing Programs, provide additional security for Coverage Receiving Bonds. The Master Program Trustee has pledged its interest in the moneys and securities on deposit in the Master Program Trust Account to the Trustee for each of the Coverage Receiving Financing Programs to the extent set forth in, and as described in, the Master Program Trust Agreement. See “SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS” herein. See Appendix D hereto – “AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE”.

- 12 -

The Series 2018A-2 Bonds are scheduled to be issued on November 29, 2018, as part of the Series 2018A-2 (SFY2019) Water Bank Program.

The I-Bank Loans (the “Series 2018A-2 I-Bank Loans”) and the Fund Loans (the “Series 2018A-2 Fund Loans”; the Series 2018A-2 I-Bank Loans and the Series 2018A-2 Fund Loans shall be referred to collectively herein as the “Series 2018A-2 Loans”), with the exception of the Principal Forgiveness Fund Loans pursuant to the Series 2018A-2 (SFY2018) Water Bank Program, were closed in escrow during the period from September 19, 2018 through September 28, 2018. During the same period, the three Principal Forgiveness Fund Loans pursuant to the Series 2018A-2 (SFY2019) Water Bank Program were closed and funded.


Repayments of the Series 2018A-2 Loans will be collected by ZB, National Association, d/b/a Zions Bank, Pittsburgh, Pennsylvania, as trustee and paying agent for the Series 2018A-2 Bonds, pursuant to the Series 2018A-2 Bond Resolution (hereinafter, as the case may be, the “Series 2018A-2 Trustee” or the “Series 2018A-2 Paying Agent”). Upon receipt, the Series 2018A-2 Trustee immediately will allocate such repayments from the Series 2018A-2 Loans up to an amount sufficient to pay the debt service due on the immediately following March 1 or September 1, as the case may be, with respect to the Series 2018-2 Bonds. See “SECURITY FOR THE SERIES 2018A-2 BONDS” and Appendix C hereto – “AGGREGATE SERIES 2018A-2 LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR SERIES 2018A-2 BONDS”.

The Series 2018A-2 Bonds are Coverage Receiving Bonds and are secured by Fund Loan repayments from Coverage Providing Financing Programs that have been transferred to the Master Program Trustee for deposit in the Master Program Trust Account. See “SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS” herein. See Appendix D hereto – “AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE”.

THE SERIES 2018A-2 BONDS

General Description

The Series 2018A-2 Bonds will be dated the date of issuance thereof, and are scheduled to mature on September 1 in the years (the “Principal Payment Dates”) and in the principal amounts set forth on the inside cover page hereof. The Series 2018A-2 Bonds will bear interest from their dated date payable by check or draft semiannually on March 1 and September 1 of each year until their respective maturities (the “Interest Payment Dates”), commencing September 1, 2019, at the rates per annum set forth on the inside cover page hereof. The Series 2018A-2 Bonds will be payable as to principal (including any sinking fund installment) upon presentation and surrender thereof at the corporate trust office of the Series 2018A-2 Trustee. The Series 2018A-2 Bonds will be issued as fully registered bonds in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Series 2018A-2 Bonds will be made in book-entry-only form (without certificates) in denominations of $5,000 or any whole multiple thereof.

Green Bonds

The Series 2018A-2 Bonds are being issued as “Green Bonds” to finance System improvements that are designed to improve the quality of wastewater treatment systems and drinking water supply systems throughout the State,
according to, and in satisfaction of, State and federal standards. The purpose of designating and offering the Series 2018A-2 Bonds as “Green Bonds” is to allow investors to invest directly in bonds that finance such environmentally beneficial projects. Holders of the Series 2018A-2 Bonds do not assume any specific risk with respect to any of the Series 2018A-2 Projects. See the annual Water Bank Financial Plan of the I-Bank and the Department that sets forth the terms and provisions of the Water Bank Program and includes an appendix thereto (the “Green Bond Report”) that addresses the use, pursuant to the federal Water Quality Act and the federal Safe Drinking Water Act, of proceeds of the I-Bank’s Bonds that are “Green Bonds”.

Future Water Bank Financial Plans and future Green Bond Reports will address, specifically, the status of the Series 2018A-2 Projects as such Series 2018A-2 Projects are undertaken and completed. The following data will be provided in future Water Bank Financial Plans and future Green Bond Reports for purposes of providing such report on the status of each Series 2018A-2 Project:

(i) the Series 2018A-2 Project description;

(ii) the total cost of the Series 2018A-2 Project, as determined at the time of closing with respect to the Series 2018A-2 I-Bank Loan;

(iii) the total proceeds of the Series 2018A-2 I-Bank Loan that have been made available, via the Series 2018A-2 I-Bank Loan Agreement, for the purpose of paying costs of the Series 2018A-2 Project;

(iv) the proceeds of the Series 2018A-2 I-Bank Loan that have been disbursed for Series 2018A-2 Project costs as of the date of such report; and

(v) the proceeds of the Series 2018A-2 I-Bank Loan that remain to be disbursed as of the date of such report.

It is noted that, in some cases, the final cost of the Series 2018A-2 Project may be less than the cost that was anticipated and budgeted at the time of closing of the respective Series 2018A-2 I-Bank Loan therefor. In such case, unspent proceeds of the Series 2018A-2 Bonds that funded such Series 2018A-2 I-Bank Loan will be allocated either (i) to the prepayment of such Series 2018A-2 I-Bank Loan and the corresponding optional redemption of Series 2018A-2 Bonds, or (ii) the payment at scheduled maturity of a portion of the principal of, and payment of the interest on, such Series 2018A-2 I-Bank Loan and the corresponding Series 2018A-2 Bonds, in either case all as provided by, and in compliance with, the terms of the respective Series 2018A-2 I-Bank Loan Agreement.


Optional Redemption

The Series 2018A-2 Bonds maturing on or prior to September 1, 2028 will not be subject to redemption prior to their respective stated maturity dates. The Series 2018A-2 Bonds maturing on or after September 1, 2029 will be subject to redemption prior to their respective stated maturity dates, on or after September 1, 2028, at the option of the I-Bank, upon the terms set forth in the Series 2018A-2 Bond 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.

Possibility of Mandatory Sinking Fund Redemption

The I-Bank has issued a notice of sale, dated October 26, 2018 (the “Notice of Sale”), with respect to the Series 2018A-2 Bonds. The Notice of Sale invites potential bidders interested in purchasing all of the Series 2018A-2 Bonds to submit bids for such purchase in accordance with the terms of the Notice of Sale. Under the terms thereof, the successful bidder with respect to the Series 2018A-2 Bonds may designate certain serial maturities thereof as a term maturity with mandatory sinking fund installments.
Refunding Bonds

One or more series of Refunding Bonds may be issued pursuant to the Series 2018A-2 Bond Resolution at any time solely for the purpose of refunding any Outstanding Series 2018A-2 Bonds issued pursuant to such Series 2018A-2 Bond Resolution. Refunding Bonds shall be on a parity with and, except as otherwise provided in the applicable supplemental Bond Resolution authorizing the issuance of such Refunding Bonds, shall be entitled to the same benefit and security of the applicable Series 2018A-2 Bond Resolution (including the pledge of the Series 2018A-2 Trust Estate (as defined herein)), as the Series 2018A-2 Bonds being refunded.

Refunding Bonds may only be issued upon the satisfaction of certain conditions as set forth in the Series 2018A-2 Bond Resolution, including, but not limited to, the receipt by the Series 2018A-2 Trustee of a Certificate of an Authorized Officer of the I-Bank demonstrating that the I-Bank 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 and redemption premium, if any, of and the interest on all Bonds Outstanding under the Series 2018A-2 Bond Resolution.

Notice of Redemption

Notice of redemption of the Series 2018A-2 Bonds will be given pursuant to the Series 2018A-2 Bond Resolution by the Series 2018A-2 Trustee by mailing a copy of such notice not more than 45 days and not less than 30 days prior to the redemption date to DTC, as long as it remains the sole registered owner (and, if DTC does not remain the sole registered owner, to any other registered owners thereafter at their addresses as they appear on the bond registration books of the I-Bank) of any Series 2018A-2 Bonds or portions thereof to be redeemed (provided that failure to mail such notice with respect to a particular Series 2018A-2 Bond or any defect therein shall not affect the redemption of any other Series 2018A-2 Bonds). If notice of redemption shall have been given as aforesaid and if on the redemption date moneys for the redemption of all Series 2018A-2 Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall be available for such payments, then from and after the redemption date interest on such Series 2018A-2 Bonds or portions thereof shall cease to accrue and be payable.

Book-Entry-Only System

DTC will act as securities depository for the Series 2018A-2 Bonds. The Series 2018A-2 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2018 Bond certificate will be issued for each maturity of the Series 2018A-2 Bonds, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“DTC Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among DTC Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfer and pledges between DTC Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. DTC Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly (“DTC Indirect Participants” and, together with DTC Direct Participants, “DTC Participants”). The DTC rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.
Purchases of the Series 2018A-2 Bonds under the DTC system must be made by or through DTC Direct Participants, which will receive a credit for the Series 2018A-2 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2018A-2 Bond (“Beneficial Owner”) is in turn to be recorded on the DTC Direct Participants’ and DTC Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Direct Participant or DTC Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018A-2 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2018A-2 Bonds, except in the event that use of the book-entry-system for the Series 2018A-2 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018A-2 Bonds deposited by DTC Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. The deposit of Series 2018A-2 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018A-2 Bonds. DTC’s records reflect only the identity of the DTC Direct Participants to whose accounts such Series 2018A-2 Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC Direct Participants, by DTC Direct Participants to DTC Indirect Participants, and by DTC Direct Participants and DTC Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018A-2 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the I-Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those DTC Direct Participants to whose accounts the Series 2018A-2 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2018A-2 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit DTC Direct Participants’ accounts upon DTC’s receipt of funds and corresponding details from the I-Bank or the Series 2018A-2 Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such DTC Participant and not of DTC, the Series 2018A-2 Trustee, the Series 2018A-2 Paying Agent, the Master Program Trustee or the I-Bank, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal, redemption premium, if any, of and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the I-Bank or the Series 2018A-2 Trustee. Disbursement of such payments to DTC Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Direct Participants and DTC Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2018A-2 Bonds at any time by giving reasonable notice to the I-Bank or the Series 2018A-2 Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2018A-2 Bond certificates are required to be printed and delivered.

The I-Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2018A-2 Bond certificates will be printed and delivered.
The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the I-Bank believes to be reliable, but the I-Bank takes no responsibility for the accuracy thereof. The Beneficial Owners should confirm the foregoing information with DTC or the DTC Participants.

The I-Bank, the Series 2018A-2 Trustee, the Series 2018A-2 Paying Agent and the Master Program Trustee cannot and do not give any assurances that DTC will distribute to the DTC Direct Participants or that the DTC Direct Participants or the DTC Indirect Participants will distribute to the Beneficial Owners of the Series 2018A-2 Bonds (i) payments of principal, redemption premium, if any, or interest on the Series 2018A-2 Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interests in the Series 2018A-2 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2018A-2 Bonds, or that they will do so on a timely basis or that DTC, its DTC Direct Participants or its DTC Indirect Participants will serve and act in the manner described in this Official Statement.

None of the I-Bank, the Series 2018A-2 Trustee, the Series 2018A-2 Paying Agent nor the Master Program Trustee will have any responsibility or obligations to any DTC Direct Participant, DTC Indirect Participant or any person claiming a beneficial ownership interest in the Series 2018A-2 Bonds under or through DTC or any DTC Direct Participant, or any other person who is not shown in the registration books of the I-Bank kept by the Series 2018A-2 Trustee as being a Series 2018A-2 Bondholder. The I-Bank, the Series 2018A-2 Trustee, the Series 2018A-2 Paying Agent and the Master Program Trustee shall have no responsibility with respect to (i) any ownership interest in the Series 2018A-2 Bonds, (ii) the payment by DTC to any DTC Direct Participant or by any DTC Direct Participants or DTC Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of or interest on the Series 2018A-2 Bonds, (iii) the delivery to any DTC Participant or any Beneficial Owner of any notice which is permitted or required to be given to the holders of the Series 2018A-2 Bonds (the “Series 2018A-2 Bondholders”) under the Series 2018A-2 Bond Resolution, or (iv) any consent given or other action taken by DTC or Cede & Co. as Series 2018A-2 Bondholder.

So long as Cede & Co. is the registered owner of the Series 2018A-2 Bonds, as the nominee of DTC, references herein to the Series 2018A-2 Bondholders or registered owners of the Series 2018A-2 Bonds (other than under the captions “TAX MATTERS” and “SECONDARY MARKET DISCLOSURE”) shall mean Cede & Co., and shall not mean the Beneficial Owners of the Series 2018A-2 Bonds.

SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS

The Master Program Trust Agreement

Upon the issuance of its Bonds in 1995 as part of the 1995 Water Bank Program, the I-Bank, the State, the prior loan servicers, the prior Trustees and United States Trust Company of New York, as master program trustee thereunder, entered into the Master Program Trust Agreement, dated as of November 1, 1995, as amended and supplemented (the “Master Program Trust Agreement”). In accordance with that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement (the “Succession Agreement”), dated as of November 1, 2001, and entered into pursuant to the successor provisions set forth in the Master Program Trust Agreement, State Street Bank & Trust Company, N.A. (predecessor to U.S. Bank Trust National Association) became the master program trustee (the “Master Program Trustee”) as of November 1, 2001. The Master Program Trustee holds all moneys, and securities purchased with moneys, deposited in the Master Program Trust Account established pursuant to the Master Program Trust Agreement (the “Master Program Trust Account”) in trust for the benefit of all holders of Coverage Receiving Bonds. Once the Business Day immediately preceding the Interest Payment Date and/or the Principal Payment Date, as the case may be, with respect to the Series 2018A-2 Bonds has been reached and the Series 2018A-2 Trustee is still unable to satisfy all or a portion of the debt service payment due on the Series 2018A-2 Bonds on any such date, the Master Program Trustee shall satisfy any such deficiency to the extent of moneys on deposit in the Master Program Trust Account in accordance with the terms of the Master Program Trust Agreement.
Coverage Providing Financing Programs

Pursuant to the Master Program Trust Agreement, a Coverage Providing Financing Program is a Water Bank Program for which the State has agreed to subordinate its right to receive Fund Loan repayments to the payment of the principal of and interest on each series of Coverage Receiving Bonds. Any Fund Loan repayments payable pursuant to a given Coverage Providing Financing Program that remain following the repayment in full of the companion I-Bank Loans made pursuant to such Coverage Providing Financing Program are made available to secure each series of Coverage Receiving Bonds. Because the I-Bank Loan repayments in a given Coverage Providing Financing Program are used to pay debt service on the series of Bonds that financed such I-Bank Loans, this subordination by the State of its right to receive Fund Loan repayments remaining after repayment in full of such companion I-Bank Loans provides additional security for each such series of Coverage Receiving Bonds.

“Coverage Providing Financing Programs” currently consist of all Water Bank Programs from 1998 through and including 2018 (including the Water Bank Programs containing all series of Refunding Bonds that have refunded the Bonds originally issued in 1998 to date). State approval is required for future Water Bank Programs to be designated as Coverage Providing Financing Programs that would provide additional security for Coverage Receiving Bonds, which Coverage Receiving Bonds include the Series 2018A-2 Bonds. Although the State previously has agreed to this subordination in every year that this additional security through the Master Program Trust Agreement has been in existence (i.e., from 1995 to the present) and although the I-Bank knows of no reason why the State would not agree to this future subordination, the I-Bank cannot assure that the State will continue to provide such subordination. Notwithstanding the foregoing, the State may not revoke the subordination authorized for the Coverage Providing Financing Programs for so long as Coverage Receiving Bonds, including the Series 2018A-2 Bonds, under Coverage Receiving Financing Programs are outstanding.

It should be noted that on December 1, 2005, the I-Bank issued its Environmental Infrastructure Revenue Bonds (Bergen County Improvement Authority – EnCap Golf Holdings, LLC Project), Series 2005 (the “BCIA-EnCap Bonds”), which bonds were not issued pursuant to the traditional Water Bank Program of the I-Bank. Therefore, the BCIA-EnCap Bonds are not Coverage Receiving Bonds and do not constitute a Coverage Providing Financing Program.

See Appendix D – “AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE”.

Coverage Receiving Financing Programs

Coverage Receiving Financing Programs are secured by the balance of Fund Loan repayments made pursuant to Coverage Providing Financing Programs. Specifically, once Fund Loan repayments made pursuant to a given Coverage Providing Financing Program are no longer needed to secure the series of Bonds issued to fund the companion I-Bank Loans made by the I-Bank as part of such Coverage Providing Financing Program, such Fund Loan repayments are turned over to the Master Program Trustee for deposit in the Master Program Trust Account so as to provide additional security for all Bonds issued in all Coverage Receiving Financing Programs, including, without limitation, the Series 2018A-2 Bonds (the “Coverage Receiving Bonds”, as such term is more fully defined below). Under the terms of the Master Program Trust Agreement, the holders of all Coverage Receiving Bonds have a pro-rata secured interest in the moneys and securities on deposit in the Master Program Trust Account. This pro-rata interest is maintained by requiring each series of Coverage Receiving Bonds to amortize principal on September 1 of each year and to pay interest semiannually on March 1 and September 1 of each year until final maturity (stated or otherwise).

“Coverage Receiving Financing Programs” currently consist of (i) all Water Bank Programs from 1998 through and including 2018, including the Series 2018A-2 (SFY2019) Water Bank Program, (ii) the Water Bank Programs containing all series of Refunding Bonds that have refunded all or a portion of the series of Bonds issued pursuant to the above-referenced Water Bank Programs, and (iii) all future Water Bank Programs so designated by the I-Bank in accordance with Section 4(a) of the Master Program Trust Agreement (the “Future Bonds”). Each series of Bonds issued pursuant to a Coverage Receiving Financing Program may be referred to collectively herein as “Coverage Receiving Bonds”. 

- 18 -
The I-Bank retains full discretion to determine, with the consent of the State, whether future Water Bank Programs will be Coverage Providing Financing Programs, Coverage Receiving Financing Programs, both or neither. If more series of Coverage Receiving Bonds are issued by the I-Bank in future Water Bank Programs without a corresponding increase in Coverage Providing Financing Programs, the amount of security provided by the Coverage Providing Financing Programs that will be available to all series of Coverage Receiving Bonds will decrease. Therefore, there is a potential to reduce the amount of security available from the Coverage Providing Financing Programs to any one series of Coverage Receiving Bonds, including the Series 2018A-2 Bonds.

It should be noted that on December 1, 2005, the I-Bank issued the BCIA-EnCap Bonds, which bonds were not issued pursuant to the traditional Water Bank Program of the I-Bank. Therefore, the BCIA-EnCap Bonds are not Coverage Receiving Bonds and do not constitute a Coverage Providing Financing Program.

See Appendix D – “AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE”.

Amount of Coverage

To the extent that each Borrower in each Coverage Providing Financing Program repays its I-Bank Loan and its Fund Loan on time and in full, Fund Loan repayments will be available to secure the Coverage Receiving Bonds as of each semiannual debt service payment date of such Coverage Receiving Bonds in the aggregate amounts set forth in Appendix D - “AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE”. Although these amounts currently are scheduled to be available to provide additional security for the Coverage Receiving Bonds, no assurance can be given by the I-Bank that all such I-Bank Loan and Fund Loan repayments will be made by the Borrowers in each Coverage Providing Financing Program on time and in full. In addition, due to (i) adjustments that may be made to the Fund Loans of Borrowers in Coverage Providing Financing Programs in order to reflect lower than anticipated Project costs or (ii) a Borrower’s prepayment (i.e., de-obligation) of all or a portion of its Fund Loan, the Fund Loan repayments of such Borrowers may be reduced in inverse order of maturity in order to reflect any such downsizing of the Fund Loan amount. To the extent such downsizing does occur, the amounts set forth in this aggregate coverage table will be reduced correspondingly. Further, to the extent that a Borrower in a Coverage Receiving Financing Program prepays all or a portion of its I-Bank Loan or, alternatively, lower than anticipated Project costs results in an allocation of unexpended Project Fund proceeds on account to be allocated to a Bond defeasance, the amount of I-Bank Loan Repayments and debt service requirements set forth in this aggregate coverage table will be reduced correspondingly. See also “FINANCING THE PROJECT – The Ratio of the I-Bank Loan to the Fund Loan”.

As of the date of this Official Statement, every Borrower in every Coverage Providing Financing Program and every Coverage Receiving Financing Program, since the Water Bank Program has been established, has made its I-Bank Loan and Fund Loan repayments in full and, therefore, each respective Trustee has paid debt service on its respective series of Bonds on time and in full.

For further information concerning the Master Program Trust Agreement, see: (i) the “Master Program Trust Agreement Schedule” included in Appendix A hereto – “AUDITED FINANCIAL STATEMENTS OF THE I-BANK”; (ii) Appendix D hereto – “AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE”; and (iii) Appendix E hereto – “SUMMARY OF THE SERIES 2018A-2 BOND RESOLUTION, THE MASTER PROGRAM TRUST AGREEMENT AND THE I-BANK CONTINUING DISCLOSURE AGREEMENT”. For further information concerning the Audited Financial Statements (as defined herein) of the I-Bank, see “AUDITED FINANCIAL STATEMENTS” herein.

Draws on the Master Program Trust Account

The Master Program Trustee holds all moneys, and securities purchased with moneys, deposited in the Master Program Trust Account in trust for the benefit of all holders of Coverage Receiving Bonds. Once the Interest Payment Date and/or the Principal Payment Date, as the case may be, with respect to a series of Coverage Receiving Bonds has been reached and the Trustee is still unable to satisfy the debt service payment due on such series of
Coverage Receiving Bonds on any such date, the Master Program Trustee shall satisfy any such deficiency to the extent of moneys on deposit in the Master Program Trust Account in accordance with the terms of the Master Program Trust Agreement.

Pursuant to the Bond Resolution for any Coverage Providing Financing Program, all Loan repayments are collected and thereafter the Trustee for any such series of Bonds allocates up to an amount sufficient to pay debt service on any such series of Bonds due on the next scheduled semiannual payment date. Once the Trustee has satisfied this debt service requirement, and after paying the I-Bank its nominal administrative fee, the Trustee repays all Loan moneys so received with respect to the repayment of Fund Loans to the Master Program Trustee for deposit in the Master Program Trust Account. Thereafter, the Trustee allocates the remaining moneys toward payment of the State administrative fee, if any. The Master Program Trustee holds all remaining moneys, and securities purchased with moneys, deposited in the Master Program Trust Account in trust for the benefit of all holders of the Coverage Receiving Bonds. The Master Program Trustee will make the moneys deposited in the Master Program Trust Account (and all subaccounts therein) available on the immediately succeeding March 1 and September 1 to pay debt service on Coverage Receiving Bonds. Thereafter, and if not needed to pay debt service on any such series of Coverage Receiving Bonds, the moneys deposited in the Master Program Trust Account will be returned to the State.

The Trustee for any series of Coverage Receiving Bonds is required to provide the I-Bank, the State and the Master Program Trustee for any such Water Bank Program with a fifteen (15) day preliminary advance warning if that Trustee does not have sufficient moneys to pay debt service on the next debt service payment date. If a deficiency remains by 9:30 a.m. on the second Business Day immediately preceding the applicable debt service payment date, the Trustee for any such adversely affected series of Coverage Receiving Bonds shall issue a formal notice of deficiency (the “Notice”) to the I-Bank, the State and the Master Program Trustee for such series of Coverage Receiving Bonds. Thereupon, the Master Program Trustee shall pay every such Trustee that has issued a Notice, from funds on deposit in the Master Program Trust Account (and all subaccounts therein), an amount sufficient to satisfy all such deficiencies. If the Master Program Trustee receives Notices citing deficiencies in excess of the total amount on deposit in the Master Program Trust Account, the Master Program Trustee shall pay out all available moneys to each adversely affected Trustee in proportion to the amount of their respective deficiencies.

One Business Day after the remaining Fund Loan repayments are made available from the Master Program Trust Account to satisfy debt service deficiencies, moneys not actually needed on any such March 1 or September 1 are retained in a subaccount of the Master Program Trust Account to be made available for the same purpose on the immediately following semiannual debt service payment date. This holdback allows the Master Program Trustee to possess as the minimum balance (assuming all scheduled Loans are timely and completely paid) in the Master Program Trust Account the entire prior year’s Fund Loan repayments from all Coverage Providing Financing Programs, thereby providing additional security for all Coverage Receiving Bonds on each March 1 and September 1. One Business Day thereafter, such moneys are returned to the State in satisfaction of the Fund Loans, unless all or a portion of such moneys is needed to satisfy any actual deficiency in Fund Loan repayments received by the Master Program Trustee from the amounts scheduled for receipt. In addition, the I-Bank has the right, but not the obligation, to make an equity contribution into subaccounts of the Master Program Trust Account to secure the Coverage Receiving Bonds further.

Notwithstanding the foregoing, the portion of a series of Coverage Receiving Bonds that is allocable to the I-Bank Loans of Private Borrowers shall not be entitled to that portion of the Master Program Trust Account that consists of repayments of Fund Loans, the original source of which Fund Loans was general obligation bonds of the State. Approximately 10.32% of Outstanding Fund Loans were funded from general obligation bonds of the State. There are no Series 2018A-2 Borrowers that are Private Borrowers.

See Appendix D hereto – “AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE”.

- 20 -
Source of Repayment of Loans in Coverage Providing Financing Programs

Municipal and County Borrowers. All municipal and county Borrowers issue their Borrower Bonds pursuant to the State’s Local Bond Law, constituting Chapter 169 of the Pamphlet Laws of 1960 of the State (N.J.S.A. 40A:2-1 et seq.), as the same has been, and may from time to time be, amended and supplemented (the “Local Bond Law”). The Local Bond Law requires each such Borrower, if necessary, to levy ad valorem taxes upon all of the taxable property within the jurisdiction of the Borrower, without limitation as to rate or amount (“Taxes”), in order to pay debt service on the respective Borrower Bonds. In addition, the Borrower Bonds of certain municipal Borrowers that have been assigned a credit rating that has been deemed unacceptably low by the I-Bank additionally are secured pursuant to the provisions of the State’s Municipal Qualified Bond Act (N.J.S.A. 40A:3-1 et seq.), as the same has been, and may from time to time be, amended and supplemented (the “Municipal Qualified Bond Act”). See Appendix G – “NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS” for descriptions of the Local Bond Law and the Municipal Qualified Bond Act.

In the event that any municipal or county Borrower does not make timely payment in full of its Loan repayment obligation on any payment date, the I-Bank and the Trustee for the series of Bonds that is secured by the Borrower Bonds of any such Borrower would immediately be vested with the right to seek specific performance on the general obligation pledge under the Borrower Bonds and to seek an appropriate court order to require the municipal or county Borrower to raise Taxes.

Approximately ninety percent (90%) of the aggregate principal amount of the Borrower Bonds in all Coverage Providing Financing Programs are secured by either a direct or an indirect general obligation, full faith and credit pledge of a municipal or county government in the State.

Authority Borrowers. Most municipal, county or regional authority or commission Borrowers (the “Authority Borrowers”) issue their Borrower Bonds pursuant to (i) the sewerage authorities law, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (N.J.S.A. 40:14A-1 et seq.), as the same has been, and may from time to time be, amended and supplemented (the “Sewerage Authorities Law”), (ii) the municipal and county utilities authorities law, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State (N.J.S.A. 40:14B-1 et seq.), as the same has been, and may from time to time be, amended and supplemented (the “Municipal and County Utilities Authorities Law”), (iii) the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State (N.J.S.A. 40:37A-44 et seq.), as the same has been, and may from time to time be, amended and supplemented (the “County Improvement Authorities Law”), or (iv) the redevelopment area bond financing law, constituting Chapter 310 of the Pamphlet Laws of 2001 of the State (N.J.S.A. 40A:12A-64 et seq.), as the same has been, and may from time to time be, amended and supplemented (the “Redevelopment Area Bond Law”) (collectively, the “Authorities Laws”). In addition, some Authority Borrowers issue their Borrower Bonds pursuant to laws other than those discussed in the preceding sentence. The Authorities Laws permit (but do not require) any such Authority Borrowers to enter into deficiency, service or other contracts (the “Borrower Service Agreements”) with underlying municipalities, counties and other local government authorities (the “Participants”). The Authorities Laws further permit (but do not require) Participants to enter into deficiency, service or other contracts (the “Indirect Borrower Service Agreements”) with underlying municipalities and counties (the “Indirect Participants”). The Borrower Service Agreements require that Participants pay certain amounts (the “Annual Charges”), including the Participants’ share of debt service on all Borrower Bonds issued by the respective Authority Borrower. The Indirect Borrower Service Agreements require that Indirect Participants pay certain amounts (the “Indirect Annual Charges”), including the Indirect Participants’ share of debt service on all Borrower Bonds issued by the respective Authority Borrower.

In the event that any Authority Borrower, that has entered into one or more Borrower Service Agreements providing the general obligation pledge of Annual Charges payable by its Participants, does not make timely payment in full of its Loan repayment obligation on any payment date, the Authority Borrower has covenanted in its Loan Agreements to pursue immediately any remedies available to the Authority Borrower under the applicable Borrower Service Agreements, including, without limitation, the right of such Authority Borrower to seek specific performance on the general obligation pledge of Annual Charges by the Participants under the Borrower Service Agreements and to seek an appropriate court order to require the municipal or county Participants to raise Taxes. All other Authority Borrowers that have entered into Borrower Service Agreements without the general obligation pledge of Annual Charges have similarly covenanted in their Loan Agreements to pursue any rights available against Participants to
recover Annual Charges. These Authority Borrower obligations would arise as soon as Loan repayments have not been received in full and on time. Thereupon, the I-Bank and the Trustee for the affected series of Bonds would have the right to seek a court order to force the Authority Borrower to pursue the remedies described herein.

In addition, the County Improvement Authorities Law and the Redevelopment Area Bond Law each permit certain counties and municipalities (the “Government Borrower Guarantors”) to guaranty unconditionally and irrevocably (the “Government Borrower Guaranties”) the payment of debt service on Authority Borrower Bonds issued by (i) in the case of the County Improvement Authorities Law, county improvement authorities and (ii) in the case of the Redevelopment Area Bond Law, “redevelopment entities” as defined therein, which guaranty payments (the “Government Guaranty Payments”) shall be made from any available source, including, if necessary, the levy of ad valorem taxes upon all of the taxable property within the jurisdiction of the Government Borrower Guarantors, without limitation as to rate or amount.

In the event that any Authority Borrower that has entered into Government Borrower Guaranties involving the general obligation pledge of Government Guaranty Payments payable by its Government Borrower Guarantors does not make timely payment in full of its Loan repayment obligation on any payment date, the Authority Borrower has covenanted in its Loan Agreements to pursue immediately any remedies available to the Authority Borrower under the applicable Government Borrower Guaranties. Such remedies would include the right of such Authority Borrower to seek specific performance on the general obligation pledge of Government Guaranty Payments by the Government Borrower Guarantors under the Government Borrower Guaranties and to seek an appropriate court order to require the municipal or county Government Borrower Guarantors to levy ad valorem taxes upon all of the taxable property within the jurisdiction of such municipal or county Government Borrower Guarantors, without limitation as to rate or amount.

**State Aid Intercept.** Under Section 12a of the I-Bank Act, certain I-Bank Loans remaining unpaid for thirty (30) days may be satisfied from State-aid otherwise due, as applicable, to (i) the municipal or county Borrower, (ii) the municipal or county Participant of an Authority Borrower that has pledged the payment of Annual Charges, or (iii) the municipal or county Government Borrower Guarantor of an Authority Borrower that has pledged the payment of Government Guaranty Payments. The State-aid intercept is not available for I-Bank Loan repayments from Authority Borrowers directly, from Private Borrowers, from Private Borrower Guarantors, from the Participants of Authority Borrowers whose obligations arise by statute (as opposed to Borrower Service Agreements) and from Indirect Participants. The State-aid intercept also is not available for the repayment of Borrower Fund Loan Bonds.

**Private Borrowers.** All Private Borrowers (other than nonprofit entities) issue their Borrower Bonds pursuant to the New Jersey Business Corporation Act, constituting Chapter 263 of the Pamphlet Laws of 1968 of the State (N.J.S.A. 14A:1-1 et seq.), as the same has been, and may from time to time be, amended and supplemented (the “Business Corporation Law”). The Business Corporation Law permits private corporations (the “Private Borrower Guarantors”; the Government Borrower Guarantors and the Private Borrower Guarantors shall be referred to collectively herein as the “Borrower Guarantors”) to guaranty unconditionally and irrevocably (the “Private Borrower Guaranties”; the Government Borrower Guaranties and the Private Borrower Guaranties shall be referred to collectively herein as the “Borrower Guaranties”) the payment of debt service on the Borrower Bonds of Private Borrowers, which guaranty payments (the “Private Guaranty Payments”; the Government Guaranty Payments and the Private Guaranty Payments shall be referred to collectively herein as the “Guaranty Payments”) shall be made from any available source or one or more dedicated sources, all as set forth in the Private Borrower Guaranties. Moreover, certain Private Borrowers may be required to additionally secure their Borrower Bonds with (i) letters of credit (the “Private Borrower Letters of Credit”) issued by financial institutions authorized to transact business in the State, (ii) mortgages (the “Private Borrower Mortgages”) or (iii) special reserve funds (the “Private Borrower Special Reserve Funds”).

In the event that any Private Borrower that has entered into Private Borrower Guaranties involving the general obligation pledge of Private Guaranty Payments payable by its Private Borrower Guarantors does not make timely payment in full of its Loan repayment obligation on any payment date, the Private Borrower has covenanted in its Loan Agreements to pursue immediately any remedies available to the Private Borrower under the applicable Private Borrower Guaranties. This would include the right of such Private Borrower to seek specific performance on the pledge of Private Guaranty Payments by the Private Borrower Guarantors under the Private Borrower Guaranties.
**Reserves and Insurance.** Depending upon the specific security applicable to each Borrower Bond, a Loan repayment can be timely made in full by a Borrower in a Coverage Providing Financing Program from sources other than revenues or general obligation taxes if such amounts are not forthcoming. For example, Borrower Bonds of Authority Borrowers and Private Borrowers may be additionally secured by amounts on deposit in debt service reserve funds or special reserve funds created and existing under the respective Borrower Bond Resolutions. These debt service reserve funds or special reserve funds will be drawn on when System revenues (including Annual Charges, Indirect Annual Charges, Government Guaranty Payments or Private Guaranty Payments) and, if applicable, general obligation taxes are insufficient to pay debt service on any Borrower Bonds on any applicable debt service payment date. To the extent any such debt service reserve funds or special reserve funds have been depleted and have not been replenished under the terms of the applicable Borrower Bond Resolutions, the scheduled payment of principal of and interest on certain Borrower I-Bank Loan Bonds and certain Borrower Fund Loan Bonds, in very limited circumstances, may be guaranteed by nationally recognized municipal bond insurance companies. These policies may then be drawn on to make timely payment of the respective series of Borrower Bonds.

**Subordination.** The Trustee for any Water Bank Program acting for the benefit of the holders of a series of Bonds secured by I-Bank Loans that are past due will receive any Fund Loan repayments made by the other Borrowers within such Series up to an amount necessary to satisfy any such I-Bank Loan deficiency. Any such Trustee need not pursue nor cause the I-Bank to pursue any of the rights or remedies discussed above in order to receive the Fund Loan repayments, because all Loan repayments (both I-Bank Loan repayments and Fund Loan repayments) for any given Water Bank Program relating to a particular series of Bonds are paid (either directly, or indirectly through a loan servicer) to the Trustee for such series of Bonds. Regardless of whether the Trustee satisfies this deficiency from Fund Loan repayments, the I-Bank and the Trustee retain their rights to pursue the other remedies discussed above.

Notwithstanding the existence of the remedies noted in the foregoing paragraphs, the I-Bank cannot assure that a court of competent jurisdiction would enforce these rights.

For information relating to the source of repayment of the Series 2018A-2 Loans, see Appendix B – “SERIES 2018A-2 BORROWERS” and “SECURITY FOR THE SERIES 2018A-2 BONDS” below.

**SECURITY FOR THE SERIES 2018A-2 BONDS**

**The Series 2018A-2 Trust Estate**

The Series 2018A-2 Bonds will be special obligations of the I-Bank, payable from and secured solely by a pledge of and lien upon all of the right, title and interest of the I-Bank in, to and under:

(i) loan repayments made pursuant to the I-Bank Loan Agreements entered into in connection with the Series 2018A-2 (SFY2019) Water Bank Program (the “Series 2018A-2 I-Bank Loan Agreements”), which loan repayments are collected by the Series 2018A-2 Trustee;

(ii) loan repayments made pursuant to the Fund Loan Agreements entered into in connection with the Series 2018A-2 (SFY2019) Water Bank Program (the “Series 2018A-2 Fund Loan Agreements”), which loan repayments are collected by the Series 2018A-2 Trustee on behalf of the State;

(iii) the other Series 2018A-2 Revenues (as defined herein) not included in clauses (i) or (ii) above; and

(iv) all other funds, accounts and subaccounts established pursuant to the Series 2018A-2 Bond Resolution (but excluding the Operating Expense Fund, the Project Fund and the Rebate Fund), together with all proceeds and investment income of the foregoing (clauses (i), (ii), (iii) and (iv) shall be referred to collectively herein as the “Series 2018A-2 Trust Estate”).

- 23 -
The “Series 2018A-2 Revenues” include:

(i) all Series 2018A-2 Loan repayments from the Series 2018A-2 Borrowers collected by the Series 2018A-2 Trustee to satisfy debt service due on the Series 2018A-2 Bonds, including, without limitation:

(a) moneys payable pursuant to (A) the respective Series 2018A-2 Borrower Service Agreements (as defined herein), if such Series 2018A-2 Borrower Service Agreement is required pursuant to the respective Series 2018A-2 Borrower I-Bank Loan Bond Resolution, and (B) the Series 2018A-2 Government Borrower Guaranty (as defined herein), if such Series 2018A-2 Government Borrower Guaranty is required pursuant to the respective Series 2018A-2 Borrower I-Bank Loan Bond Resolution; and

(b) moneys derived from the respective Series 2018A-2 Borrower Debt Service Reserve Funds (as defined herein), if such Series 2018A-2 Borrower Debt Service Reserve Fund is required pursuant to the respective Series 2018A-2 Borrower I-Bank Loan Bond Resolution;

(ii) payments, if any, made to the Series 2018A-2 Trustee by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all subaccounts therein) (see “SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS” herein);

(iii) the proceeds derived from the payments included in clauses (i) and (ii) above, including, without limitation, investment income; and


The full faith and credit of the I-Bank are NOT pledged, either expressly or by implication, to the payment of the principal or redemption premium, if any, or the interest on the Series 2018A-2 Bonds. The I-Bank has no taxing power, and it has no claim on any revenues or receipts of the State or any agency or political subdivision thereof or of any Series 2018A-2 Borrower, except as expressly provided in the Series 2018A-2 I-Bank Loan Agreements.

The Series 2018A-2 I-Bank Loan Agreements


The aggregate Series 2018A-2 I-Bank Loan repayments payable by the Series 2018A-2 Borrowers pursuant to their respective Series 2018A-2 I-Bank Loan Agreements will equal the principal and interest payments that the I-Bank is required to make on the Series 2018A-2 Bonds from which such Series 2018A-2 I-Bank Loans were made, and will be due from the Series 2018A-2 Borrowers no later than February 1 (interest only) and August 1 (principal and interest) of each year, with interest payments commencing August 1, 2019, until the end of the Series 2018A-2 I-Bank Loan terms, such dates being at least thirty (30) days prior to the respective March 1 and September 1 payment dates for the Series 2018A-2 Bonds.
The Series 2018A-2 Fund Loan Agreements

The Series 2018A-2 Fund Loan Agreements

The loan repayments made by each Series 2018A-2 Borrower pursuant to its respective Series 2018A-2 Fund Loan Agreement (i) are collected by the Series 2018A-2 Trustee on behalf of the State, and (ii) are evidenced and secured by the respective Borrower Fund Loan Bonds issued by each Series 2018A-2 Borrower to, and held by, the State (the “Series 2018A-2 Borrower Fund Loan Bonds”). Such Series 2018A-2 Fund Loan Bonds are issued by the respective Series 2018A-2 Borrower pursuant to the terms of its respective Borrower Fund Loan Bond Resolutions (the “Series 2018A-2 Borrower Fund Loan Bond Resolutions”). All principal of Series 2018A-2 Fund Loans is payable at least thirty (30) days prior to the payment date with respect to the Series 2018A-2 Bonds, as available security for the Series 2018A-2 Bonds.

Pledge of the Series 2018A-2 Trust Estate

Pursuant to the Series 2018A-2 Bond Resolution, the Series 2018A-2 Trust Estate is pledged and assigned as security for the payment of the principal or redemption premium, if any, of and the interest on the Series 2018A-2 Bonds and any Refunding Bonds that may be issued thereunder, subject to certain provisions of the Series 2018A-2 Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Series 2018A-2 Bond Resolution. The Series 2018A-2 Trust Estate shall become immediately subject to the lien of said pledge without any physical delivery thereof or further act, and such lien shall be valid and binding against all persons having claims of any kind in tort, contract or otherwise against the I-Bank.

The Series 2018A-2 Bonds are Coverage Receiving Bonds

Because the Series 2018A-2 Bonds are Coverage Receiving Bonds, they are secured by Fund Loan repayments, made pursuant to each of the Coverage Providing Financing Programs, that have been transferred to the Master Program Trustee for deposit in the Master Program Trust Account. These Fund Loan repayments, made pursuant to the Coverage Providing Financing Programs, provide additional security for Coverage Receiving Bonds. The Master Program Trustee has pledged its interest in the moneys and securities on deposit in the Master Program Trust Account to the Series 2018A-2 Trustee to the extent set forth in, and as described in, the Master Program Trust Agreement. See “SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS” herein. See Appendix D hereto – “AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE”.


The following sections discuss the specific provisions for security for the payment of the principal and redemption premium, if any, of and the interest on the Series 2018A-2 Bonds. Although no remedy discussed herein need be pursued prior to any other remedy, no remedy may be pursued prior to the time when the I-Bank or the Series 2018A-2 Trustee, as the case may be, obtains those rights. Except for the State-aid intercept, which cannot be invoked until thirty (30) days have passed from the time of a Series 2018A-2 I-Bank Loan delinquency, all of the rights and remedies discussed herein are available to the I-Bank and the Series 2018A-2 Trustee immediately upon the failure by a Series 2018A-2 Borrower to make a complete and timely Series 2018 IA-2-Bank Loan repayment.

1. Series 2018A-2 I-Bank Loan Agreements


General Obligation Series 2018A-2 Borrowers. The obligations of certain Series 2018A-2 Borrowers (the “General Obligation Series 2018A-2 Borrowers”) to repay their Series 2018A-2 I-Bank Loans will be direct and general obligations and ultimately payable from their general tax revenues. Under the terms of its respective Series 2018A-2 I-Bank Loan Agreement, each General Obligation Series 2018A-2 Borrower will (i) covenant to provide the resources to maintain its System in good repair and operating condition and (ii) irrevocably pledge its full faith and
credit and covenant to exercise its unlimited taxing powers for the punctual payment of the principal of and interest on its Series 2018A-2 I-Bank Loan and its Series 2018A-2 Borrower I-Bank Loan Bond. Simultaneously with the execution of the Series 2018A-2 I-Bank Loan Agreements, the I-Bank will receive an opinion from counsel to each General Obligation Series 2018A-2 Borrower to the effect that such General Obligation Series 2018A-2 Borrower has no bonds, notes or other debt obligations outstanding that are superior or senior to its Series 2018A-2 Borrower I-Bank Loan Bond as to the pledge of and lien on the general tax revenues of such General Obligation Series 2018A-2 Borrower.

**Special Obligation Series 2018 Borrowers.** The obligations of certain Series 2018A-2 Borrowers (the “Special Obligation Series 2018A-2 Borrowers”) to repay their Series 2018A-2 I-Bank Loans will be special obligations of each such Special Obligation Series 2018A-2 Borrower and will be payable solely from the pledged revenues or other receipts of its respective System. The obligations of certain Special Obligation Series 2018A-2 Borrowers (the “Junior Lien Series 2018A-2 Borrowers”) to repay their respective Series 2018A-2 I-Bank Loans will be payable from funds made available by such Special Obligation Series 2018A-2 Borrowers under their respective subordinate lien Series 2018A-2 Borrower I-Bank Loan Bond Resolutions. Notwithstanding the subordinate nature of the lien described in the foregoing sentence, the municipal and/or county Participants for such Junior Lien Series 2018A-2 Borrowers are each required to exercise their unlimited taxing power in order to pay their respective Annual Charges.

Under the terms of its Series 2018A-2 I-Bank Loan Agreement, each Special Obligation Series 2018A-2 Borrower will pledge to (i) maintain its System in good repair and operating condition, and (ii) establish, levy and collect rents, rates and other charges for the products and services provided by its System, which shall be at least sufficient (a) to meet the operation and maintenance expenses of such System and (b) to generate funds sufficient to fulfill the terms and conditions of all contracts and agreements made by it, including, without limitation, its Series 2018A-2 I-Bank Loan Agreement and its Series 2018A-2 Borrower I-Bank Loan Bond. Simultaneously with the execution of the Series 2018A-2 I-Bank Loan Agreements, the I-Bank will receive an opinion from counsel to each Special Obligation Series 2018A-2 Borrower, except for the Junior Lien Series 2018A-2 Borrowers, to the effect that such Special Obligation Series 2018A-2 Borrower has no bonds, notes or other debt obligations outstanding that are superior or senior to its Series 2018A-2 Borrower I-Bank Loan Bond as to the pledge of and lien on the pledged revenues of such Special Obligation Series 2018A-2 Borrower’s System.


2. **Series 2018A-2 Borrower Debt Service Reserve Funds**


As further security for the payment of the Series 2018A-2 Bonds, certain of the Special Obligation Series 2018A-2 Borrowers have entered into a Borrower Service Agreement (each, a “Series 2018A-2 Borrower Service Agreement”) with one or more Participants (the “Series 2018A-2 Participants”) that receive environmental infrastructure service from such Special Obligation Series 2018A-2 Borrowers. In addition, one Special Obligation Series 2018A-2 Borrowers has entered into a Government Borrower Guaranty (the “Series 2018A-2 Government Borrower Guaranty”). The Series 2018A-2 Borrower Service Agreements require that the Series 2018A-2 Participants pay certain deficiencies or other amounts (the “Series 2018A-2 Annual Charges”), including, without limitation, the Series 2018A-2 Participants’ share of debt service on the Series 2018A-2 Borrower Bonds of the respective Special Obligation Series 2018A-2 Borrowers. Pursuant to the Series 2018A-2 Borrower Service Agreements, any deficiency giving rise to a Series 2018A-2 Annual Charge is calculated at the end of each fiscal year of the Special Obligation Series 2018A-2 Borrower and is submitted to the applicable Series 2018A-2 Participants for payment as provided therein. The Series 2018A-2 Government Borrower Guaranty requires that the Government Borrower Guarantor (the “Series 2018A-2 Government Borrower Guarantor”) pay debt service on the Series 2018A-2 Borrower Bonds of the respective Special Obligation Series 2018A-2 Borrower. Under the terms of, as applicable, the Series 2018A-2 Borrower Service Agreements, the Series 2018A-2 Government Borrower Guaranty, the Authorities Laws and all other applicable law, the Series 2018A-2 Participants or the Series 2018A-2 Government Borrower Guarantor, as applicable, are required to levy *ad valorem* taxes upon all of the taxable property within their respective jurisdictions, without limitation as to rate or amount, in order to pay, respectively, Series 2018A-2 Annual Charges to the applicable Special Obligation Series 2018A-2 Borrower or the debt service on the Series 2018A-2 Borrower Bonds of the applicable Special Obligation Series 2018A-2 Borrower.

If and when any Special Obligation Series 2018A-2 Borrower that has entered into a Series 2018A-2 Borrower Service Agreement or a Series 2018A-2 Government Borrower Guaranty, as applicable, is unable to make its Series 2018A-2 I-Bank Loan repayment in full when due from pledged System revenues, and is unable to satisfy any such deficiency in full from a draw on its Series 2018A-2 Borrower Debt Service Reserve Fund, if applicable and available, such Special Obligation Series 2018A-2 Borrower has covenanted in its Series 2018A-2 I-Bank Loan Agreement to take all measures permitted under its Series 2018A-2 Borrower Service Agreement or its Series 2018A-2 Government Borrower Guaranty, as applicable, to collect such deficiency from its Series 2018A-2 Participants or its Series 2018A-2 Government Borrower Guarantor, as applicable. This obligation arises immediately on the Series 2018A-2 I-Bank Loan payment date.

For information regarding the Special Obligation Series 2018A-2 Borrowers, the Series 2018A-2 I-Bank Loan repayments of which are secured by the Series 2018A-2 Borrower Service Agreements or the Series 2018A-2 Government Borrower Guaranty, as applicable, see Appendix B hereto - “SERIES 2018A-2 BORROWERS”.

4. **Series 2018A-2 Bond Resolution**

Pursuant to the Series 2018A-2 Bond Resolution, the Series 2018A-2 Trustee will collect all Series 2018A-2 I-Bank Loan repayments and all Series 2018A-2 Fund Loan repayments, in order to provide sufficient moneys to pay debt service on the Series 2018A-2 Bonds (that financed the Series 2018A-2 I-Bank Loans) prior to the repayment of the Series 2018A-2 Fund Loans. In the limited circumstance in which Private Borrowers are grouped with Local Unit Borrowers into a single pool, the Fund Loan repayments of the Local Unit Borrowers whose Fund Loans were directly or indirectly funded by State general obligation bonds are held in a restricted subaccount and may not be used to satisfy the I-Bank Loan repayment deficiencies of such Private Borrowers. There are no Series 2018A-2 Borrowers that are Private Borrowers. For a more detailed description of the provisions of the Series 2018 Bond Resolutions, see Appendix E hereto – “SUMMARY OF THE SERIES 2018A-2 BOND RESOLUTION, THE MASTER PROGRAM TRUST AGREEMENT AND THE I-BANK CONTINUING DISCLOSURE AGREEMENT” herein. See also Appendix C hereto – “AGGREGATE SERIES 2018A-2 LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR SERIES 2018A-2 BONDS”.
On or before each Series 2018A-2 Loan repayment due date, each Series 2018A-2 Borrower will make payment to the Series 2018A-2 Trustee in an amount equal to the Series 2018A-2 I-Bank Loan repayment, the I-Bank administrative fee payment, the Series 2018A-2 Fund Loan repayment, and the State administrative fee payment then due, if any. Regardless of the manner in which each Series 2018A-2 Borrower is credited for such payment, the Series 2018A-2 Trustee shall apply the total of all such payments received from all Series 2018A-2 Borrowers as follows: FIRST, towards the satisfaction of debt service due on the Series 2018A-2 Bonds; SECONd, to the satisfaction of the I-Bank’s administrative fee payment then due; THIRD, to the Master Program Trustee for deposit in the Master Program Trust Account for the eventual satisfaction of the total amount of principal due on the related zero-interest Series 2018A-2 Fund Loans; and, FOURTH, to the satisfaction of the State’s administrative fee payment then due, if any.

5. State-Aid Intercept Powers of the I-Bank under the I-Bank Act; Municipal Qualified Bond Act

If and when a Series 2018A-2 I-Bank Loan repayment deficiency has not been satisfied by any of the above security provisions and once thirty (30) days have passed from the original Series 2018A-2 I-Bank Loan repayment date, the I-Bank has the right to seek reimbursement from the State Treasurer in the amount of such deficiency from State-aid otherwise payable to any such General Obligation Series 2018A-2 Borrower, certain municipal and county Series 2018A-2 Participants and the Series 2018A-2 Government Borrower Guarantor.

As authorized by the I-Bank Act, the I-Bank shall require that, if a Series 2018A-2 Borrower fails to pay to the I-Bank in full any of its “obligations” (as defined in the I-Bank Act) and such deficiency remains unpaid for a period of 30 days, the State Treasurer shall pay to the I-Bank the following amounts: (i) if the Series 2018A-2 Borrower is a General Obligation Series 2018A-2 Borrower, the State Treasurer shall pay an amount sufficient to satisfy such unpaid obligations from State-aid payable to the General Obligation Series 2018A-2 Borrower, or (ii) if the Series 2018A-2 Borrower is a Special Obligation Series 2018A-2 Borrower, the State Treasurer shall pay an amount sufficient to satisfy such unpaid obligations from State-aid payable to (A) any municipal and county Series 2018A-2 Participant that has executed a Series 2018A-2 Borrower Service Agreement with any such Special Obligation Series 2018A-2 Borrower, or (B) a Series 2018A-2 Government Borrower Guarantor that has executed a Series 2018A-2 Government Borrower Guaranty with any such Special Obligation Series 2018A-2 Borrower. As defined in the I-Bank Act, “obligations” of the Series 2018A-2 Borrowers include, but are not limited to, (i) principal of and interest on the Series 2018A-2 Borrower I-Bank Loan Bonds issued by the General Obligation Series 2018A-2 Borrowers to the I-Bank, (ii) any Series 2018A-2 Annual Charges payable by the municipal and county Series 2018A-2 Participants under any Series 2018A-2 Borrower Service Agreement to secure the Series 2018A-2 Borrower I-Bank Loan Bonds issued by the Special Obligation Series 2018A-2 Borrowers to the I-Bank, and (iii) debt service on the Series 2018A-2 Borrower I-Bank Loan Bonds of any Special Obligation Series 2018A-2 Borrower that is payable by a Series 2018A-2 Government Borrower Guarantor.


See Appendix G – “NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS” for a description of the Municipal Qualified Bond Act. Pursuant to the I-Bank Act, the obligation of the State Treasurer to make payments pursuant to the State-aid intercept powers as provided and described herein is subject and subordinate to the rights of holders of qualified bonds issued pursuant to the Municipal Qualified Bond Act.
6. **Master Program Trust Agreement**

The Master Program Trustee holds all moneys, and securities purchased with moneys, deposited in the Master Program Trust Account in trust for the benefit of all holders of Coverage Receiving Bonds. Once the Interest Payment Date and/or the Principal Payment Date, as the case may be, with respect to the Series 2018A-2 Bonds has been reached and the Series 2018A-2 Trustee is still unable to satisfy the debt service payment due on the Series 2018A-2 Bonds on any such date, the Master Program Trustee shall satisfy any such deficiency to the extent of moneys on deposit in the Master Program Trust Account in accordance with the terms of the Master Program Trust Agreement. See “SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS” herein.

7. **Event of Default**

To the extent that the remedies discussed in the preceding sections are insufficient to satisfy any repayment deficiency with respect to the Series 2018A-2 Bonds and, therefore, an Event of Default pursuant to the Series 2018A-2 Bond Resolution occurs, the Series 2018A-2 Bonds are subject to acceleration prior to their stated maturities at the times and in the manner set forth in the Series 2018A-2 Bond Resolution. See Appendix E hereto – “SUMMARY OF THE SERIES 2018A-2 BOND RESOLUTION, THE MASTER PROGRAM TRUST AGREEMENT AND THE I-BANK CONTINUING DISCLOSURE AGREEMENT” herein.

**State General Taxing Power Not Pledged**

Pursuant to the I-Bank Act and the Series 2018A-2 Bond Resolution, the Series 2018A-2 Bonds shall be a special obligation of the I-Bank and shall not in any way be a debt or liability of the State or of any political subdivision thereof (other than the I-Bank, but solely to the extent of the Series 2018A-2 Trust Estate), and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof (other than the I-Bank, but solely to the extent of the Series 2018A-2 Trust Estate). The principal and redemption premium, if any, of and the interest on the Series 2018A-2 Bonds shall be payable from and secured by the pledge (i) by the I-Bank of the Series 2018A-2 Trust Estate and (ii) by the Master Program Trustee of the moneys and securities on deposit in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement.

**Certain Statutory Provisions**

See Appendix G hereto (“NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS”) for a description of (i) certain statutory provisions of that limit municipal expenditures and (ii) certain statutory provisions that impose budgetary limits on regional sewerage authorities created pursuant to the Sewerage Authorities Law.

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SOURCES AND USES OF FUNDS FOR THE SERIES 2018A-2 BONDS

Sources:

Aggregate Principal Amount of Series 2018A-2 Bonds $ 
Net Original Issue Premium $ 
TOTAL SOURCES OF FUNDS $ 

Uses:

Project Fund Deposits\(^{(1)}\) $ 
Costs of Issuance\(^{(2)}\) $ 
Underwriter’s Discount $ 
TOTAL USES OF FUNDS $ 

\(^{(1)}\) Project costs are to be funded in part by the Series 2018A-2 I-Bank Loan for each Project. A portion of the Allowable Costs of each Project will be funded by the State with a Series 2018A-2 Fund Loan. See “FINANCING THE PROJECTS – I-Bank Loans Pursuant to the Water Bank Program” and “FINANCING THE PROJECTS – Fund Loans Pursuant to the Water Bank Program”.

\(^{(2)}\) Costs of Issuance include, without limitation, legal counsel fees, financial advisory fees, fees of the Master Program Trustee, fees of the Series 2018A-2 Trustee, Rating Agency fees, and costs associated with the preparation and dissemination of this Official Statement.

SECONDARY MARKET DISCLOSURE

In connection with the provisions of Rule 15c2-12, as amended, supplemented and officially interpreted from time to time, or any successor provision thereto, promulgated by the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the I-Bank has determined that, with regard to the Series 2018A-2 Bonds, it is not an “obligated person”, as defined therein.

Furthermore, the I-Bank has determined in the Series 2018A-2 Bond Resolution that those Borrowers (from any Water Bank Program) whose remaining Fund Loan repayments in all Coverage Providing Financing Programs, when aggregated with their Series 2018A-2 I-Bank Loan repayments, if any, 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 Series 2018A-2 I-Bank Loan repayments from all Series 2018A-2 Borrowers, shall be considered material “obligated persons” within the meaning and for the purposes of Rule 15c2-12 for the Series 2018A-2 Bonds. To the extent any such Borrowers have entered into Borrower Service Agreements with Participants and any such Participants have entered into Indirect Borrower Service Agreements with Indirect Participants whereby Annual Charges or Indirect Annual Charges, as the case may be, materially secure such Loan repayments of any such Borrower, any such Participants and Indirect Participants also shall be considered material “obligated persons” within the meaning and for the purposes of Rule 15c2-12 for the Series 2018A-2 Bonds. For purposes of this section only, the term “Participants” shall be deemed to include the “Government Borrower Guarantors” with respect to the payment thereby of their Government Borrower Guaranties.

Each Series 2018A-2 Borrower has covenanted in its Series 2018A-2 I-Bank Loan Agreement, for the benefit of the respective Series 2018A-2 Bondholders, to enter into a Borrower Continuing Disclosure Agreement (the “Borrower Continuing Disclosure Agreement”) should it meet, at any time during the term of its respective Series 2018A-2 I-Bank Loan, the material “obligated persons” test referred to above. Such Borrower Continuing Disclosure Agreement obligates any such Series 2018A-2 Borrower to provide (i) certain financial information and operating
data relating to such Series 2018A-2 Borrower and the Participants and Indirect Participants, if any, of such Series 2018A-2 Borrower, including, without limitation, audited financial statements, within 225 days after the end of each fiscal year for which any such Borrower Continuing Disclosure Agreement is in effect (the “Annual Report”), and (ii) notice to the I-Bank of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events is summarized in Appendix F hereto – “SUMMARY OF THE SERIES 2018A-2 I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE SERIES 2018A-2 BORROWERS), THE SERIES 2018A-2 FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS”.

The Borrower Continuing Disclosure Agreement further requires that the Annual Report shall be delivered by or on behalf of such Series 2018A-2 Borrower to each Nationally Recognized Municipal Securities Information Repository recognized by the SEC (each a “NRMSIR”) and to the State Information Depository recognized by the SEC (the “SID”), if any. Notices of enumerated events relating to the Series 2018A-2 I-Bank Loan Bonds of such Series 2018A-2 Borrower will be filed by such Series 2018A-2 Borrower with the I-Bank, and the notices of enumerated events relating to the Series 2018A-2 Bonds will be filed directly by the I-Bank with each NRMSIR or with the Municipal Securities Rulemaking Board (the “MSRB”) and the SID, if any. As of the date of this Official Statement, the filing of any information with the Electronic Municipal Market Access facility of the MSRB for municipal securities disclosure shall satisfy the requirement to file such information with each NRMSIR. The obligations under the Borrower Continuing Disclosure Agreement shall continue through final maturity (stated or otherwise) of the Series 2018A-2 Bonds, but shall terminate when any such material “obligated persons” shall no longer meet the material “obligated persons” test with respect to the Series 2018A-2 Bonds. The I-Bank shall have no liability to the Series 2018A-2 Bondholders or to any other person with respect to the secondary market disclosure of any such material “obligated persons”. See Appendix F – “SUMMARY OF THE SERIES 2018A-2 I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE SERIES 2018A-2 BORROWERS), THE SERIES 2018A-2 FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS” herein.

In light of the additional security provided for the Series 2018A-2 Bonds as a Coverage Receiving Financing Program (along with the existing Water Bank Programs and all future Coverage Receiving Financing Programs) through certain Fund Loan repayments in Coverage Providing Financing Programs, the I-Bank has determined that only the Borrowers, Participants and Indirect Participants identified in the immediately succeeding paragraph (if any) will be considered material “obligated persons” within the meaning and for the purposes of Rule 15c2-12 for the Series 2018A-2 Bonds. With respect to all other Borrowers, Participants and Indirect Participants, the I-Bank has determined that no financial or operating data is material to any decision to purchase, hold or sell the Series 2018A-2 Bonds, and the I-Bank will not itself provide or cause any such Borrowers, Participants and Indirect Participants to provide any such information with respect to any such Borrowers, Participants and Indirect Participants.

As of the date of issuance of the Series 2018A-2 Bonds, there are no Borrowers that meet this material “obligated persons” test for the Series 2018A-2 Bonds. In addition, as of such issuance, no Participants or Indirect Participants meet this test with respect to the Series 2018A-2 Bonds.

Based upon official interpretations of Rule 15c2-12, the I-Bank has determined that, in connection the Series 2018A-2 Bonds, the Series 2018A-2 (SFY2019) Water Bank Program relating to the Series 2018A-2 Bonds is an “obligated person”, as defined in Rule 15c2-12. In addition, on the date of delivery of the Series 2018A-2 Bonds, the I-Bank will enter into an I-Bank Continuing Disclosure Agreement (the “I-Bank Continuing Disclosure Agreement”; the Borrower Continuing Disclosure Agreement and the I-Bank Continuing Disclosure Agreement shall be referred to collectively herein as the “Continuing Disclosure Agreements”), for the benefit of the beneficial owners of the Series 2018A-2 Bonds, pursuant to which the I-Bank will agree to comply on a continual basis with the disclosure requirements of Rule 15c2-12 relating to the Series 2018A-2 Bonds. Specifically, the I-Bank will covenant to provide certain financial information relating to the Series 2018A-2 (SFY2019) Water Bank Program (which financial information will be similar to that contained in that certain unaudited “Master Program Trust Agreement Schedule” which is a schedule to the Audited Financial Statements of the I-Bank contained in Appendix A hereto – “AUDITED FINANCIAL STATEMENTS OF THE I-BANK”, relating to each existing and future Coverage Providing Financing Program (the “Series 2018A-2 (SFY2019) Water Bank Program Annual Report”)), to each NRMSIR and the SID, if any. In addition, the I-Bank will covenant to provide notices of the occurrence of
certain enumerated events relating to the Series 2018A-2 Bonds to each NRMSIR or to the MSRB and the SID, if any. As of the date of this Official Statement, the filing of any information with the Electronic Municipal Market Access facility of the MSRB for municipal securities disclosure shall satisfy the requirement to file such information with each NRMSIR. The specific nature of the information to be contained in the Series 2018A-2 (SFY2019) Water Bank Program Annual Report and the notices of enumerated events is summarized in Appendix E hereto – “SUMMARY OF THE SERIES 2018A-2 BOND RESOLUTION, THE MASTER PROGRAM TRUST AGREEMENT AND THE I-BANK CONTINUING DISCLOSURE AGREEMENT”.

The sole and exclusive remedy for breach of or default under the Continuing Disclosure Agreements to provide continuing disclosure as described above is an action to compel specific performance of the Continuing Disclosure Agreements by the parties thereto, and no person, including any holder of the Series 2018A-2 Bonds, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreements, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided. The Continuing Disclosure Agreements also may be amended or modified without the consent of the holders of the Series 2018A-2 Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreements when executed by the parties thereto upon the delivery of the Series 2018A-2 Bonds will be on file at the office of the Series 2018A-2 Trustee.

The I-Bank previously has entered into undertakings required pursuant to Rule 15c2-12 similar to the undertaking contained in the I-Bank Continuing Disclosure Agreement. Such prior undertakings were entered into in connection with the following Water Bank Programs that remain outstanding as of the date hereof: the 1999 Water Bank Program, the 2000 Water Bank Program, the 2001 Water Bank Program, the 2002 Water Bank Program, the 2003 Water Bank Program, the 2004 Water Bank Program, the 2005 Water Bank Program, the 2006 Water Bank Program, the 2007 Water Bank Program, the 2008 Water Bank Program, the 2009 Water Bank Program, the 2010A Water Bank Program, the 2010 B&C Water Bank Program, the 2012 Water Bank Program, the 2013 Water Bank Program, the 2014 Water Bank Program, the 2015A-1 Water Bank Program, the 2015A-2 Water Bank Program, the 2016A-1 Water Bank Program, the 2016A-2 Water Bank Program, the 2017A-1 Water Bank Program, the 2017A-2 Water Bank Program, the 2017B-1 Water Bank Program, the 2018A-1 Water Bank Program, the 2018B-1 Water Bank Program and refunding bond issues with respect to the foregoing completed in 2006, 2007, 2008, 2010, 2011, 2012, the Winter of 2015, the Fall of 2015, the Spring of 2016 and the Winter of 2017.

The I-Bank, in certain instances during the past five years, has failed to provide certain secondary market disclosure pursuant to Rule 15c2-12 and in satisfaction of its previous continuing disclosure undertakings. All such deficiencies have been addressed and corrected as of the date of this Official Statement. Specifically, in certain instances, the I-Bank inadvertently failed to connect its annual financial information, which was timely submitted to each NRMSIR, to certain of the I-Bank’s outstanding CUSIP numbers. Certain operating data of the I-Bank, required to be included in the annual report of the I-Bank pursuant to its continuing disclosure undertakings, was not included in the annual reports of the I-Bank as submitted to the NRMSIRs. With respect to certain cash defeasances of outstanding I-Bank Bonds, the I-Bank did not submit to the NRMSIRs a notice of such defeasance. In certain instances, the I-Bank did not submit to the NRMSIRs notice of certain rating changes with respect to the insurers of certain I-Bank Bonds (none of which currently are outstanding).

As of the date of this Official Statement, the I-Bank has submitted all of such information to the Electronic Municipal Market Access facility of the MSRB. In addition, on November 13, 2014, the Board of Directors of the I-Bank adopted new secondary market disclosure compliance policies and procedures in order to ensure full and timely compliance in the future with its continuing disclosure undertakings.

ABSENCE OF MATERIAL LITIGATION

There is no litigation or controversy now pending (i) concerning the issuance, sale or delivery of the Series 2018A-2 Bonds, (ii) in any way contesting or affecting the validity of the I-Bank Act, the Series 2018A-2 Bonds or the proceedings of the I-Bank taken with respect to the issuance and sale thereof, including, without limitation, the
adoption by the I-Bank of the Series 2018A-2 Bond Resolution, or (iii) the pledge by the I-Bank of the Series 2018A-2 Trust Estate pursuant to the terms of the Series 2018A-2 Bond Resolution or the pledge by the Master Program Trustee of the moneys and securities on deposit in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement.

ENFORCEABILITY OF REMEDIES

The remedies available to the Series 2018A-2 Trustee or the Series 2018A-2 Bondholders upon the occurrence of an event of default under the Series 2018A-2 Bond Resolution or any other related financing documents are dependent upon judicial actions that are often based on the discretion of the judge overseeing a proceeding. Administrative delays may also have an impact on the timetable for judicial approval of the exercise of certain remedies. Under existing law, the remedies provided in such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2018A-2 Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by federal and State laws affecting the rights of creditors generally, and creditors in this type of transaction specifically, including the availability of equitable remedies. For information on the available security for the Series 2018A-2 Bonds, see “SECURITY FOR THE SERIES 2018A-2 BONDS” herein. See also “SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS” herein.

The United States Bankruptcy Code, 11 U.S.C. §§101 et seq. (the “Bankruptcy Code”), permits entities that are unable to meet their debts to file a bankruptcy petition in the appropriate vicinage of the United States Bankruptcy Court. Each Local Unit Borrower would be a “municipality” (as defined in the Bankruptcy Code), and any bankruptcy of a Local Unit Borrower would be governed by Chapter 9 of the Bankruptcy Code. Each Private Borrower would not be a municipality for purposes of the Bankruptcy Code. A Private Borrower would not be permitted to file a bankruptcy under Chapter 9 of the Bankruptcy Code, and would be required to pursue a bankruptcy under Chapter 7 or Chapter 11 of the Bankruptcy Code. Pursuant to the Bankruptcy Code, the Series 2018A-2 Trustee must be notified of any bankruptcy. The petition, which is the document a Local Unit Borrower or a Private Borrower files to initiate a bankruptcy case, automatically stays any non-bankruptcy judicial or other proceeding against such Local Unit Borrower or Private Borrower.

The United States Bankruptcy Code, 11 U.S.C. §§101 et seq. (the “Bankruptcy Code”), permits entities that are unable to meet their debts to file a bankruptcy petition in the appropriate vicinage of the United States Bankruptcy Court. Each Local Unit Borrower would be a “municipality” (as defined in the Bankruptcy Code), and any bankruptcy of a Local Unit Borrower would be governed by Chapter 9 of the Bankruptcy Code. Each Private Borrower would not be a municipality for purposes of the Bankruptcy Code. A Private Borrower would not be permitted to file a bankruptcy under Chapter 9 of the Bankruptcy Code, and would be required to pursue a bankruptcy under Chapter 7 or Chapter 11 of the Bankruptcy Code. Pursuant to the Bankruptcy Code, the Series 2018A-2 Trustee must be notified of any bankruptcy. The petition, which is the document a Local Unit Borrower or a Private Borrower files to initiate a bankruptcy case, automatically stays any non-bankruptcy judicial or other proceeding against such Local Unit Borrower or Private Borrower.

The debts of a Local Unit Borrower are adjusted by a plan, which must meet the requirements of Chapter 9 of the Bankruptcy Code, 11 U.S.C. §§901 et seq. The debts of a Private Borrower are either adjusted by a plan, which must meet the requirements of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§1101 et seq., or the debts are satisfied by a pro-rata liquidation of the Private Borrower’s assets pursuant to Chapter 7 of the Bankruptcy Code, 11 U.S.C. §§701 et seq. Among other things, under Chapter 9 or Chapter 11, the plan must be approved by creditors of at least two-thirds of the amount of debts, and more than one-half of the creditors. To preserve the Series 2018A-2 Bondholders’ claim in any bankruptcy, the Series 2018A-2 Trustee may be required to file a claim and to undertake other actions in the Bankruptcy Court. Failure to take such actions may impair the Series 2018A-2 Bondholders’ claim. In any bankruptcy, it is possible that the debts created by the Series 2018A-2 Bonds will not be paid in full and will be discharged with respect to such Local Unit Borrower or Private Borrower in bankruptcy.

Under Chapter 9, the Bankruptcy Code provides that special revenues (such as certain revenues pledged by certain Authority Borrowers to secure their Borrower Bonds) shall continue to be available to pay debt service secured by those revenues, and are not subject to claims by other creditors of the bankrupt municipality. Claimants whose only recourse for payment is certain special revenues shall not have recourse against the municipality in a bankruptcy to any greater extent than that provided by State law and the applicable documents.

The Bankruptcy Code generally allows a bankruptcy trustee to avoid and recover payments made by a debtor in the 90-day period before a bankruptcy filing (known in the Bankruptcy Code as “preferences” (11 U.S.C. §§ 547)). But Chapter 9 includes an exception that protects Series 2018A-2 Bondholders in cases of a municipality bankruptcy filing by a Local Unit Borrower (11 U.S.C. §§ 926(b)). Under Chapter 9, payments made to or for the benefit of any holder of a bond or note, on account of such bond or note (e.g., Series 2018A-2 Bondholders), in the 90-day period before a Local Unit Borrower’s bankruptcy filing are not deemed “preferences” and are not subject to the general
avoidance powers under section 547 of the Bankruptcy Code. These protections likely would not apply to claims to avoid and recover “preferences” involving a Private Borrower in bankruptcy, as the exception applies only in Chapter 9 of the Bankruptcy Code; however, the Bankruptcy Code does provide for certain defenses against claims to avoid and recover “preferences,” which depending on the circumstances may or may not apply to Series 2018A-2 Bondholders.

The State has authorized municipalities to file petitions for relief under the Bankruptcy Code pursuant and subject to Article 8 of the New Jersey Municipal Finance Commission Act (the “Commission Act”), N.J.S.A. 52:27-40 et seq. The Commission Act provides that such petitions may not be filed without the prior approval of the Local Finance Board in the Division of Local Government Services of the State Department of Community Affairs, as successor to the Municipal Finance Commission referred to in the Commission Act (the “Local Finance Board”), and that no plan of adjustment of the debts of a municipality may be filed or accepted by the municipality, or confirmed by the Bankruptcy Court with the support of the municipality, without express authority from the Local Finance Board to file or support a plan of adjustment. These requirements would not apply to bankruptcies of the Private Borrowers.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT ANY LOCAL UNIT BORROWER OR PRIVATE BORROWER EXPECTS TO RESORT TO THE PROVISIONS OF THE BANKRUPTCY CODE OR THAT, IF ANY LOCAL UNIT BORROWER OR PRIVATE BORROWER DID, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, IF REQUIRED, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE SERIES 2018A-2 BONDS.

**LEGALITY FOR INVESTMENT**

The I-Bank Act provides that the State and all public officers, governmental units and agencies thereof, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds or notes, including, without limitation, the Series 2018A-2 Bonds, issued pursuant to the I-Bank Act, and the bonds or notes shall be authorized security for any and all public deposits.

**CERTAIN LEGAL MATTERS**

Legal matters related to the authorization, issuance and delivery of the Series 2018A-2 Bonds are subject to the receipt of the approving legal opinion of McCarter & English, LLP, Newark, New Jersey, Bond Counsel to the I-Bank (“Bond Counsel”). The opinion of Bond Counsel will be delivered with the Series 2018A-2 Bonds in substantially the forms included in Appendix H to this Official Statement. Certain legal matters in connection with the Series 2018A-2 Bonds will be passed upon by the I-Bank’s General Counsel, Gurbir S. Grewal, Attorney General of the State of New Jersey.

**TAX MATTERS**


The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that may have to be met or must be met on a continuing basis subsequent to the issuance and delivery of the Series 2018A-2 Bonds in order to assure that interest on the Series 2018A-2 Bonds will be excluded from gross income for purposes of federal income taxation under Section 103 of the Code. Such requirements relate, among other things, to the use and
investment of proceeds of the Series 2018A-2 Bonds and rebate to the United States of America of certain arbitrage earnings. Failure of the I-Bank or the Series 2018A-2 Borrowers to observe such requirements may cause interest on the Series 2018A-2 Bonds to lose the exclusion from gross income provided under Section 103 of the Code, retroactive to the date of issuance of the Series 2018A-2 Bonds. In the “Tax Certificate as to Arbitrage and Instructions as to Compliance with Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended,” which will be delivered in connection with the issuance of the Series 2018A-2 Bonds (the “Series 2018A-2 Tax Certificate”) (the covenants under which do not constitute covenants under the Series 2018A-2 Bond Resolution), the I-Bank will represent that it expects and intends to be able to comply with and will, to the extent permitted by law, comply with the provisions and procedures set forth in the Series 2018A-2 Tax Certificate and will do and perform all acts and things necessary or desirable in order to assure that, under the Code as currently in force, interest on the Series 2018A-2 Bonds will, for purposes of federal income taxation, be excluded from gross income of the owners thereof. Each Series 2018A-2 Borrower has made certain tax related covenants in its Series 2018A-2 I-Bank Loan Agreement, including a covenant not to take any action or omit to take any action which would result in the loss of the exclusion of the interest on the Series 2018A-2 Bonds from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Code.

Assuming continuing compliance by the I-Bank with the provisions and procedures set forth in the Series 2018A-2 Tax Certificate and assuming the Series 2018A-2 Borrowers observe their covenants with respect to their use and investment of proceeds of the Series 2018A-2 Bonds, and their use of their respective Projects, Bond Counsel is of the opinion that, for federal income tax purposes, under existing law, interest on the Series 2018A-2 Bonds is excluded from gross income of the owners thereof pursuant to Section 103 of the Code and is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. IN THE CASE OF CERTAIN CORPORATE HOLDERS OF THE SERIES 2018A-2 BONDS, INTEREST ON THE SERIES 2018A-2 BONDS WILL BE INCLUDED IN ADJUSTED CURRENT EARNINGS FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX APPLICABLE TO TAXABLE YEARS BEGINNING BEFORE JANUARY 1, 2018.


Prospective purchasers of the Series 2018A-2 Bond should be aware that ownership of, accrual or receipt of interest on, or disposition of tax-exempt obligations, such as the Series 2018A-2 Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Prospective purchasers of the Series 2018A-2 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Series 2018A-2 Bonds from gross income pursuant to Section 103 of the Code, and interest on the Series 2018A-2 Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Series 2018A-2 Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Series 2018A-2 Bonds.


Bond Counsel is of the opinion that, under existing law, interest on the Series 2018A-2 Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Changes in Tax Law

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Series 2018A-2 Bonds, gain from the sale or other disposition of the Series 2018A-2 Bonds, the market value of the Series 2018A-2 Bonds, or the marketability of the Series 2018A-2 Bonds, or otherwise prevent the owners of the Series 2018A-2 Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. It is not possible to predict whether any legislative or administrative actions or court

Opinion of Bond Counsel

The opinions of Bond Counsel with respect to the federal and State income tax consequences of the Series 2018A-2 Bonds will be delivered in substantially the forms attached to this Official Statement as Appendix H.

RATINGS

Fitch Ratings (“Fitch”), Moody’s Investors Service (“Moody’s”) and Standard & Poor’s Ratings Services (“S&P”) have assigned long-term debt ratings of “AAA”, “Aaa” and “AAA”, respectively, to the Series 2018A-2 Bonds. These ratings reflect only the view of Fitch, Moody’s and S&P, respectively, and an explanation thereof may be obtained from Fitch, Moody’s and S&P. Such ratings are not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by Fitch, Moody’s or S&P if, in their respective judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating on the Series 2018A-2 Bonds may have an adverse effect on the market price of such Series 2018A-2 Bonds.

AUDITED FINANCIAL STATEMENTS

The financial statements of the I-Bank for the fiscal year of the I-Bank ended June 30, 2018 (the “Audited Financial Statements”), included in Appendix A to this Official Statement, have been audited by RSM US LLP, independent certified public accountants that have been engaged by the I-Bank (the “Auditor”), as stated in their report appearing in Appendix A to this Official Statement. The Auditor has not been engaged to perform, and has not performed, subsequent to the date of its report included in Appendix A to this Official Statement, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

Pursuant to the I-Bank Act and the Series 2018A-2 Bond Resolution, the Series 2018A-2 Bonds only shall be payable from and secured by the pledge by the I-Bank of the Series 2018A-2 Trust Estate and by the Master Program Trustee of the moneys and securities on deposit in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. Information regarding the Master Program Trust Account (and the moneys and securities on deposit therein) and the outstanding conduit bonds issued by the I-Bank can be found in the unaudited “Master Program Trust Agreement Schedule” to the Audited Financial Statements. The Audited Financial Statements, and the unaudited notes and schedules thereto, address various funds and accounts of the I-Bank; however, only the Master Program Trust Account (and the moneys and securities on deposit therein), which is the subject of the unaudited “Master Program Trust Agreement Schedule” to the Audited Financial Statements, is pledged to the payment of the Series 2018A-2 Bonds to the extent and as provided in the Master Program Trust Agreement and as described in this Official Statement. The remaining funds and accounts of the I-Bank that are addressed by the Audited Financial Statements are not pledged to the payment of the Series 2018A-2 Bonds.

MISCELLANEOUS

Information contained in this Official Statement with respect to the Series 2018A-2 (SFY2019) Water Bank Program and the I-Bank, and copies of the related Bond Resolutions, I-Bank Loan Agreements, Fund Loan Agreements, Master Program Trust Agreement, Borrower Bond Resolutions, Borrower Service Agreements, Borrower Guaranties and Continuing Disclosure Agreements, may be obtained from David E. Zimmer, Executive
Director, New Jersey Infrastructure Bank at the I-Bank Offices. This Official Statement is distributed in connection with the sale and issuance of the Series 2018A-2 Bonds, and may not be reproduced or used in whole or in part for any other purpose. This Official Statement has been duly authorized and approved by the I-Bank and duly executed and delivered on its behalf by the official signing below. Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. The agreements of the I-Bank are fully set forth in the Series 2018A-2 Bond Resolution in accordance with the I-Bank Act, and this Official Statement is not to be construed as a contract or agreement between the I-Bank and the purchasers or owners of any of the Series 2018A-2 Bonds.

NEW JERSEY INFRASTRUCTURE BANK

By: _________________________
   David E. Zimmer
   Executive Director

DATED: November __, 2018
APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE I-BANK
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)

Financial Report
June 30, 2018
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent auditor's report</td>
<td>1-2</td>
</tr>
<tr>
<td>Required supplementary information</td>
<td></td>
</tr>
<tr>
<td>Management's discussion and analysis (unaudited)</td>
<td>3-10</td>
</tr>
<tr>
<td>Financial statements</td>
<td></td>
</tr>
<tr>
<td>Statements of net position</td>
<td>11-12</td>
</tr>
<tr>
<td>Statements of revenues, expenses and changes in net position</td>
<td>13-14</td>
</tr>
<tr>
<td>Statements of cash flows</td>
<td>15-18</td>
</tr>
<tr>
<td>Notes to the financial statements</td>
<td>19-40</td>
</tr>
<tr>
<td>Master program trust agreement schedule (unaudited)</td>
<td>41</td>
</tr>
<tr>
<td>Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <em>Government Auditing Standards</em></td>
<td>42-43</td>
</tr>
</tbody>
</table>
Independent Auditor’s Report

Board of Directors
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust

Report on the Financial Statements
We have audited each major enterprise fund of the New Jersey Infrastructure Bank (the I-Bank) f/k/a New Jersey Environmental Infrastructure Trust, a component unit of the State of New Jersey, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the I-Bank’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the I-Bank’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the I-Bank’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.
Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the I-Bank, as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the I-Bank’s basic financial statements. The master program trust agreement schedule is presented for purpose of additional analysis and is not a required part of the basic financial statements. The master program trust agreement schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2018, on our consideration of the I-Bank’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the I-Bank’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the I-Bank’s internal control over financial reporting and on compliance.

RSM US LLP
New York, New York
October 11, 2018
On January 16, 2018, pursuant to Public Law 2016, Chapter 56 the New Jersey Environmental Infrastructure Trust's name was changed to the New Jersey Infrastructure Bank (I-Bank) and its statutory authority expanded to include a financing program for local transportation projects. The I-Bank currently is structured organizationally as two distinct operating departments: (i) one department, in conjunction with the New Jersey Department of Environmental Protection (NJ DEP) for the purpose of operating its environmental infrastructure financing programs, which programs are referred to collectively as the New Jersey Water Bank (Water Bank), and (ii) a second department, in conjunction with the New Jersey Department of Transportation (NJ DOT), for the purpose of operating its transportation infrastructure financing program, which program is referred to as the New Jersey Transportation Bank (Transportation Bank).

This section of the annual financial report of the I-Bank presents management's discussion and analysis of the financial performance of each financing program within the I-Bank during the fiscal years ended June 30, 2018 and 2017, relative to each other. Please read this section in conjunction with the I-Bank’s financial statements and accompanying notes.

**Overview of the financial statements:** This report of audit consists of two parts, management's discussion and analysis (this section) and the basic financial statements, including notes. The I-Bank is an independent state financing entity. The accounting policies of the I-Bank conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds.

The I-Bank's financial statements report information about the I-Bank using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about the I-Bank's activities. The statements of net position include all of the I-Bank's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the accounts payable (liabilities). The statements of revenues, expenses and changes in net position include all of the current year's revenues and expenses. The statements of cash flows are the final required financial statement. The primary purpose of these statements is to provide information about the I-Bank's cash receipts, cash payments and the net changes in cash positions resulting from operations, investing and non-capital financing activities and answers such questions as sources of cash and uses of cash during the reporting period.

The following analysis is segregated into the two different financing programs administered by the I-Bank in conjunction with the NJ DEP and the NJ DOT; namely the Water Bank and the Transportation Bank.
New Jersey Infrastructure Bank  
f/k/a New Jersey Environmental Infrastructure Trust  
(A Component Unit of the State of New Jersey)

Management’s Discussion and Analysis (Unaudited)  
Years Ended June 30, 2018 and 2017

Water Bank

Financial highlights for the year ended June 30, 2018:

- Assets increased by $132,471,539 or 34.34%
  - Cash and investments (excluding earmarked but, as of yet, undisbursed project funds) increased by $99,452,859 or 41.16%
  - Total loans increased by $32,691,340 or 23.19%
- Liabilities increased by $61,683 or 4.98%
- Net position increased by $132,409,856, or 34.44%
- Operating revenues increased by $405,848, or 5.65%
- Non-operating revenues increased by $78,766,994, or 152.61%
- Operating expenses decreased by $201,009, or (3.49%)

Financial highlights for the year ended June 30, 2017:

- Assets increased by $52,769,744, or 15.85%
  - Cash and investments (excluding earmarked but, as of yet, undisbursed project funds) decreased by $40,696,351, or (14.41%)
  - Total loans increased by $93,397,126, or 196.36%
- Liabilities decreased by $266,261, or (17.69%)
- Net position increased by $53,036,005, or 16.00%
- Operating revenues decreased by $2,425,528, or (25.26%)
- Non-operating revenues decreased by $12,721,509, or (19.77%)
- Operating expenses increased by $286,195, or 5.23%

The Water Bank issues short-term loans to fund various types of environmental infrastructure projects prior to securing long term financing. The Short-Term Loan Program offers loans for eligible costs including construction, planning & design, associated legal fees, equipment and emergencies. The State-wide Assistance Infrastructure Loan (SAIL) Program provides timely and cost effective interim funding for borrowers to repair disaster-damaged infrastructure and improve the resiliency of clean water and drinking water systems. For loans issued in SFY2018, the Water Bank provided short-term loans to borrowers at a 0% interest rate with the support of the NJ DEP.
Water Bank, (continued)

The short-term SAIL Program provides advance funding to water systems working with FEMA, CDBG or other federal grant programs, pending receipt of federal reimbursements to mitigate the financial and cash flow stress on disaster impacted communities during the rebuild process. For loans issued in SFY2018, the Water Bank provided SAIL loans to borrowers at a 0% interest rate with the support of the NJ DEP.

Upon construction completion, the Water Bank converts the program’s short-term loans into long-term financing. The I-Bank provides a portion of the long-term funds by acting as a conduit lender, issuing bonds in the public municipal market and providing the proceeds to participating borrowers. In cases of de minimis loans, the Water Bank will forego issuing long-term bonds and instead, act as a direct long-term lender. The NJ DEP provides the remainder of the long-term Water Bank financing by issuing 0% interest loans.

Financial analysis: The mission of the Water Bank is to provide and administer low interest rate loans to qualified municipalities, counties, regional authorities, and water purveyors for the purpose of financing environmental infrastructure projects with a water quality benefit. Therefore, when reviewing the Water Bank’s financial statements, its performance should be measured based upon the Water Bank’s ability to fund both short-term construction loans and long-term permanent financing.

During SFY2018, the Water Bank closed on 58 short-term loans. The cash and investment balance, which includes available construction funds, increased primarily due to the State appropriation to the short-term loan programs. Total loans increased due to the payment of requisitions on outstanding short-term loans.

During SFY2017, the Water Bank closed on 75 short-term Loans. The cash and investment balance, which includes available construction funds, decreased primarily due to the payment of requisitions. This amount more than offset the state appropriation to the short-term loan programs. This increase can be seen in loans receivable.
The following table summarizes the net position changes of the Water Bank between June 30, 2018, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Percent Increase (Decrease)</th>
<th>2016</th>
<th>Percent Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current loans receivable</td>
<td>$ 69,747,872</td>
<td>$ 87,292,753</td>
<td>(20.10)%</td>
<td>$ 22,793,394</td>
<td>282.97%</td>
</tr>
<tr>
<td>Noncurrent loans receivable</td>
<td>103,773,220</td>
<td>53,401,569</td>
<td>94.33%</td>
<td>23,489,547</td>
<td>127.34%</td>
</tr>
<tr>
<td>Cash for borrowers - undisbursed project funds</td>
<td>131,426</td>
<td>266,856</td>
<td>(50.75)%</td>
<td>1,281,111</td>
<td>(79.17)%</td>
</tr>
<tr>
<td>Total loans</td>
<td>173,652,518</td>
<td>140,961,178</td>
<td>23.19%</td>
<td>47,564,052</td>
<td>196.36%</td>
</tr>
<tr>
<td>Current cash and cash equivalents, as reduced by undisbursed loan project funds</td>
<td>225,247,477</td>
<td>128,249,882</td>
<td>75.63%</td>
<td>166,012,406</td>
<td>(22.75)%</td>
</tr>
<tr>
<td>Current investments</td>
<td>31,858,130</td>
<td>26,845,036</td>
<td>18.67%</td>
<td>27,942,891</td>
<td>(3.93)%</td>
</tr>
<tr>
<td>Noncurrent investments</td>
<td>83,980,636</td>
<td>86,538,466</td>
<td>(2.96)%</td>
<td>88,374,438</td>
<td>(2.08)%</td>
</tr>
<tr>
<td>Administrative fee receivable</td>
<td>2,423,841</td>
<td>2,400,658</td>
<td>0.97%</td>
<td>2,431,049</td>
<td>(1.25)%</td>
</tr>
<tr>
<td>Due from Transportation</td>
<td>131,857</td>
<td>-</td>
<td>100.00%</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Other assets</td>
<td>890,864</td>
<td>718,564</td>
<td>23.98%</td>
<td>619,205</td>
<td>16.05%</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 518,185,323</td>
<td>$ 385,713,784</td>
<td>34.34%</td>
<td>$ 332,944,041</td>
<td>15.85%</td>
</tr>
<tr>
<td>Account payable</td>
<td>$ 1,300,571</td>
<td>$ 1,238,888</td>
<td>4.98%</td>
<td>$ 1,505,150</td>
<td>(17.69)%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$ 1,300,571</td>
<td>$ 1,238,888</td>
<td>4.98%</td>
<td>$ 1,505,150</td>
<td>(17.69)%</td>
</tr>
<tr>
<td>Restricted</td>
<td>$ 492,502,954</td>
<td>$ 360,895,021</td>
<td>36.47%</td>
<td>$ 301,040,422</td>
<td>19.88%</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>24,381,798</td>
<td>23,579,875</td>
<td>3.40%</td>
<td>30,398,469</td>
<td>(22.43)%</td>
</tr>
<tr>
<td>Total net position</td>
<td>$ 516,884,752</td>
<td>$ 384,474,896</td>
<td>34.44%</td>
<td>$ 331,438,891</td>
<td>16.00%</td>
</tr>
</tbody>
</table>
New Jersey Infrastructure Bank  
f/k/a New Jersey Environmental Infrastructure Trust  
(A Component Unit of the State of New Jersey)  

Management’s Discussion and Analysis (Unaudited)  
Years Ended June 30, 2018 and 2017  

Water Bank, (continued)  

For SFY18, the Water Bank’s administrative fees decreased by (9.87%) due to the lack of refunding issuances during the year and the subsequent drop in refunding cost of issuance reimbursements from borrowers. The Water Bank’s non-operating revenues increased substantially due to an increase of $79 million in funds from the State through the NJ DEP to support the short-term loan program. The Water Bank’s investment income increased primarily due to higher interest rates for short term securities in conjunction with increased holdings. The Water Bank’s expenses decreased due primarily to unfilled staffing positions and the resulting reduction in aggregate salary and fringe expenses as well as a reduction in information technology expenses.

For SFY17, the Water Bank’s administrative fees decreased by (4.37%) due to fewer refunding cost of issuance reimbursements from borrowers and a net decrease in long-term loan issuance. This was offset by the recognition of excess funds to be received by the Trust related to defeasances. The Trust non-operating revenues decreased substantially due to a decrease of $12.5 million in funds from the State through the NJ DEP. The investment income decreased primarily due to the decrease in fair market value of the investments as a result of rising interest rates. The Trust’s expenses increased due primarily to increases in salary and fringe as well as information technologies.

The following table summarizes the changes in Water Bank net position between fiscal years June 30, 2018, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Percent Increase (Decrease)</th>
<th>2016</th>
<th>Percent Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position, beginning of year</td>
<td>$384,474,896</td>
<td>$331,438,891</td>
<td>$262,969,654</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>1,423,893</td>
<td>330,011</td>
<td>331.47 %</td>
<td>2,442,971</td>
<td>(86.49)%</td>
</tr>
<tr>
<td>Loan interest income</td>
<td>168,535</td>
<td>200,466</td>
<td>(15.93)%</td>
<td>208,945</td>
<td>(4.06)%</td>
</tr>
<tr>
<td>Administrative fees</td>
<td>5,990,865</td>
<td>6,646,968</td>
<td>(9.87)%</td>
<td>6,951,057</td>
<td>(4.37)%</td>
</tr>
<tr>
<td>Receipt (return) of prior year funding</td>
<td>379,667</td>
<td>612,673</td>
<td>(38.03)%</td>
<td>834,182</td>
<td>(26.55)%</td>
</tr>
<tr>
<td>State appropriation</td>
<td>130,000,000</td>
<td>51,000,000</td>
<td>154.90 %</td>
<td>63,500,000</td>
<td>(19.69)%</td>
</tr>
<tr>
<td>Total revenues</td>
<td>137,962,960</td>
<td>58,790,118</td>
<td>134.67 %</td>
<td>73,937,155</td>
<td>20.49 %</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>5,553,104</td>
<td>5,754,113</td>
<td>(3.49)%</td>
<td>5,467,918</td>
<td>5.23 %</td>
</tr>
<tr>
<td>Total expenses</td>
<td>5,553,104</td>
<td>5,754,113</td>
<td>(3.49)%</td>
<td>5,467,918</td>
<td>5.23 %</td>
</tr>
<tr>
<td>Change in net position</td>
<td>132,409,856</td>
<td>53,036,005</td>
<td>149.66 %</td>
<td>68,469,237</td>
<td>(22.54)%</td>
</tr>
<tr>
<td>Net position, end of year</td>
<td>$516,884,752</td>
<td>$384,474,896</td>
<td>34.44 %</td>
<td>$331,438,891</td>
<td>16.00 %</td>
</tr>
</tbody>
</table>
Transportation Bank

Financial highlights from inception in January 2018 through June 30, 2018:

- Assets increased by $22,424,437, or 100%
  - Cash and investments increased by $22,384,763, or 100%
- Liabilities increased by $131,857 or 100%
- Net position increased by $22,292,580, or 100%
- Operating revenues increased by $52,995, or 100%
- Non-operating revenues (expenses) increased by $22,600,000, or 100%
- Operating expenses increased by $360,415, or 100%

The purpose of the Transportation Bank is to provide financial assistance to New Jersey local government units or consortia thereof, authorized to construct, operate and maintain transportation projects. The Transportation Bank provides low-cost financing for capital projects for public highways, approach roadways, and other necessary land side improvements, ramps, signal systems, roadbeds, transit lanes or rights of way, pedestrian walkways and bridges connecting to passenger stations and servicing facilities, bridges and grade crossings. The Transportation Bank became operational in January of 2018 and the $22.6 million SFY2018 appropriation was received in May of 2018. The State has provided for up to $2.6 million of the appropriation to be used for operations. It is anticipated that for the seven (7) year period from SFY2018 through SFY2024 the NJIB will receive a net sum of $22.6 million per year in appropriations to fund the Transportation Bank.

Financial analysis: During SFY2018, the Transportation Bank did not close on any loans. Funds were invested upon receipt in accordance with the investment policy.
New Jersey Infrastructure Bank  
f/k/a New Jersey Environmental Infrastructure Trust  
(A Component Unit of the State of New Jersey)

Management’s Discussion and Analysis (Unaudited)  
Years Ended June 30, 2018 and 2017

Transportation Bank, (continued)
The following table summarizes the net position changes of the Transportation Bank between June 30, 2018, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Percent Increase</th>
<th>2016</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current cash and cash equivalents, as reduced by undisbursed loan project funds</td>
<td>$22,384,763</td>
<td>$ -</td>
<td>100.00 %</td>
<td>$ -</td>
<td>0.00 %</td>
</tr>
<tr>
<td>Other assets</td>
<td>$39,674</td>
<td></td>
<td>100.00 %</td>
<td></td>
<td>0.00 %</td>
</tr>
<tr>
<td>Total assets</td>
<td>$22,424,437</td>
<td>$ -</td>
<td>100.00 %</td>
<td>$ -</td>
<td>0.00 %</td>
</tr>
<tr>
<td>Due to Water</td>
<td>$131,857</td>
<td>$ -</td>
<td>100.00 %</td>
<td>$ -</td>
<td>0.00 %</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$131,857</td>
<td>$ -</td>
<td>100.00 %</td>
<td>$ -</td>
<td>0.00 %</td>
</tr>
<tr>
<td>Restricted</td>
<td>$20,052,995</td>
<td>$ -</td>
<td>100.00 %</td>
<td>$ -</td>
<td>0.00 %</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$2,239,585</td>
<td></td>
<td>100.00 %</td>
<td></td>
<td>0.00 %</td>
</tr>
<tr>
<td>Total net position</td>
<td>$22,292,580</td>
<td>$ -</td>
<td>100.00 %</td>
<td>$ -</td>
<td>0.00 %</td>
</tr>
</tbody>
</table>

The increase in Investments was due to the receipt from the State of the SFY2018 appropriation net of funds expended for operations. Accounts payable increased due to expenses incurred for operations.

The following table summarizes the changes in the Transportation Bank net position between fiscal years June 30, 2018, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Percent Increase</th>
<th>2016</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position, beginning of year</td>
<td>$ -</td>
<td>$ -</td>
<td></td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$52,995</td>
<td></td>
<td>100.00 %</td>
<td></td>
<td>0.00 %</td>
</tr>
<tr>
<td>State appropriation</td>
<td>$22,600,000</td>
<td></td>
<td>100.00 %</td>
<td></td>
<td>0.00 %</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$22,652,995</td>
<td>$ -</td>
<td>100.00 %</td>
<td>$ -</td>
<td>0.00 %</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$360,415</td>
<td></td>
<td>100.00 %</td>
<td></td>
<td>0.00 %</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$360,415</td>
<td>$ -</td>
<td>100.00 %</td>
<td>$ -</td>
<td>0.00 %</td>
</tr>
<tr>
<td>Change in net position</td>
<td>$22,292,580</td>
<td>$ -</td>
<td>100.00 %</td>
<td>$ -</td>
<td>0.00 %</td>
</tr>
<tr>
<td>Net position, end of year</td>
<td>$22,292,580</td>
<td>$ -</td>
<td>100.00 %</td>
<td>$ -</td>
<td>0.00 %</td>
</tr>
</tbody>
</table>

Investment income increased due to interest earnings on the SFY2018 appropriation which was received in May of 2018. Administrative expenses represent both direct and allocated costs attributable to the operation of the Transportation Bank.
New Jersey Infrastructure Bank  
f/k/a New Jersey Environmental Infrastructure Trust  
(A Component Unit of the State of New Jersey)  

Management’s Discussion and Analysis (Unaudited)  
Years Ended June 30, 2018 and 2017  

Infrastructure Bank  
Contacting the I-Bank’s financial management: This financial report is designed to provide citizens, borrowers, investors and creditors with a general overview of the I-Bank's finances and to demonstrate the I-Bank's accountability for the State appropriations and bond proceeds it receives. If you have any questions about this report or need additional financial information, contact the I-Bank's Chief Financial Officer at 3131 Princeton Pike, Building 4, Lawrenceville, New Jersey 08648.
## New Jersey Infrastructure Bank
-f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)

### Statements of Net Position
June 30, 2018

<table>
<thead>
<tr>
<th>Water Bank</th>
<th>Transportation Bank</th>
<th>Total I-Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$8,022,849</td>
<td>$2,363,107</td>
</tr>
<tr>
<td>Investments</td>
<td>5,443,441</td>
<td>-</td>
</tr>
<tr>
<td>Administrative fee receivable</td>
<td>2,423,841</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>79,355</td>
<td>8,335</td>
</tr>
<tr>
<td>Restricted assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>217,356,054</td>
<td>20,021,656</td>
</tr>
<tr>
<td>Investments</td>
<td>26,414,689</td>
<td>-</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>774,243</td>
<td>31,339</td>
</tr>
<tr>
<td>Due from Transportation</td>
<td>131,857</td>
<td>-</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>69,747,872</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>330,394,201</strong></td>
<td><strong>22,424,437</strong></td>
</tr>
<tr>
<td><strong>Noncurrent assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets</td>
<td>37,266</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>1,480,488</td>
<td>-</td>
</tr>
<tr>
<td>Restricted assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>82,500,148</td>
<td>-</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>103,773,220</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td><strong>187,791,122</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$518,185,323</strong></td>
<td>$22,424,437</td>
</tr>
<tr>
<td><strong>Liabilities and Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,300,571</td>
<td>-</td>
</tr>
<tr>
<td>Due to Water</td>
<td>-</td>
<td>131,857</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>1,300,571</strong></td>
<td><strong>131,857</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,300,571</strong></td>
<td><strong>131,857</strong></td>
</tr>
<tr>
<td><strong>Net position:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>37,266</td>
<td>-</td>
</tr>
<tr>
<td>Restricted for debt service</td>
<td>115,538,234</td>
<td>-</td>
</tr>
<tr>
<td>Restricted for Interim Financing Loan Program</td>
<td>376,964,720</td>
<td>-</td>
</tr>
<tr>
<td>Restricted for Transportation Program</td>
<td>-</td>
<td>20,052,995</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>24,344,532</td>
<td>2,239,585</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td><strong>516,884,752</strong></td>
<td><strong>22,292,580</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net position</strong></td>
<td><strong>$518,185,323</strong></td>
<td><strong>$22,424,437</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.
New Jersey Infrastructure Bank  
f/k/a New Jersey Environmental Infrastructure Trust  
(A Component Unit of the State of New Jersey)

Statements of Net Position  
June 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>Water Bank</th>
<th>Transportation Bank</th>
<th>Total I-Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 9,544,880</td>
<td>$ -</td>
<td>$ 9,544,880</td>
</tr>
<tr>
<td>Investments</td>
<td>3,709,139</td>
<td>-</td>
<td>3,709,139</td>
</tr>
<tr>
<td>Administrative fee receivable</td>
<td>2,400,658</td>
<td>-</td>
<td>2,400,658</td>
</tr>
<tr>
<td>Other assets</td>
<td>90,217</td>
<td>-</td>
<td>90,217</td>
</tr>
<tr>
<td>Restricted assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>118,971,858</td>
<td>-</td>
<td>118,971,858</td>
</tr>
<tr>
<td>Investments</td>
<td>23,135,897</td>
<td>-</td>
<td>23,135,897</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>532,883</td>
<td>-</td>
<td>532,883</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>87,292,753</td>
<td>-</td>
<td>87,292,753</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>245,678,285</td>
<td>-</td>
<td>245,678,285</td>
</tr>
<tr>
<td><strong>Noncurrent assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets</td>
<td>95,464</td>
<td>-</td>
<td>95,464</td>
</tr>
<tr>
<td>Restricted assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>86,538,466</td>
<td>-</td>
<td>86,538,466</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>53,401,569</td>
<td>-</td>
<td>53,401,569</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>140,035,499</td>
<td>-</td>
<td>140,035,499</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 385,713,784</td>
<td>$ -</td>
<td>$ 385,713,784</td>
</tr>
<tr>
<td><strong>Liabilities and Net Position</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 1,238,888</td>
<td>$ -</td>
<td>$ 1,238,888</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,238,888</td>
<td>-</td>
<td>1,238,888</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,238,888</td>
<td>-</td>
<td>1,238,888</td>
</tr>
<tr>
<td><strong>Net position:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>95,464</td>
<td>-</td>
<td>95,464</td>
</tr>
<tr>
<td>Restricted for debt service</td>
<td>115,031,752</td>
<td>-</td>
<td>115,031,752</td>
</tr>
<tr>
<td>Restricted for Interim Financing Loan Program</td>
<td>245,863,269</td>
<td>-</td>
<td>245,863,269</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>23,484,411</td>
<td>-</td>
<td>23,484,411</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>384,474,896</td>
<td>-</td>
<td>384,474,896</td>
</tr>
<tr>
<td><strong>Total liabilities and net position</strong></td>
<td>$ 385,713,784</td>
<td>$ -</td>
<td>$ 385,713,784</td>
</tr>
</tbody>
</table>

See notes to financial statements.
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)

Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>Water Bank</th>
<th>Transportation Bank</th>
<th>Total I-Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>$ 3,033,687</td>
<td>$ 52,995</td>
<td>$ 3,086,682</td>
</tr>
<tr>
<td>Net decrease in the fair value of investments</td>
<td>(1,609,794)</td>
<td>-</td>
<td>(1,609,794)</td>
</tr>
<tr>
<td>Interest income from loans</td>
<td>168,535</td>
<td>-</td>
<td>168,535</td>
</tr>
<tr>
<td>Administrative fees</td>
<td>5,990,865</td>
<td>-</td>
<td>5,990,865</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>7,583,293</td>
<td>52,995</td>
<td>7,636,288</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>5,553,104</td>
<td>360,415</td>
<td>5,913,519</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>5,553,104</td>
<td>360,415</td>
<td>5,913,519</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>2,030,189</td>
<td>(307,420)</td>
<td>1,722,769</td>
</tr>
<tr>
<td>Nonoperating revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipt of prior funding</td>
<td>379,667</td>
<td>-</td>
<td>379,667</td>
</tr>
<tr>
<td>State appropriations</td>
<td>130,000,000</td>
<td>22,600,000</td>
<td>152,600,000</td>
</tr>
<tr>
<td><strong>Total nonoperating revenue</strong></td>
<td>130,379,667</td>
<td>22,600,000</td>
<td>152,979,667</td>
</tr>
<tr>
<td>Change in net position</td>
<td>132,409,856</td>
<td>22,292,580</td>
<td>154,702,436</td>
</tr>
<tr>
<td>Net position, beginning of year</td>
<td>384,474,896</td>
<td>-</td>
<td>384,474,896</td>
</tr>
<tr>
<td>Net position, end of year</td>
<td>$ 516,884,752</td>
<td>$ 22,292,580</td>
<td>$ 539,177,332</td>
</tr>
</tbody>
</table>

See notes to financial statements.
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)

Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>Water Bank</th>
<th>Transportation Bank</th>
<th>Total I-Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>$1,758,902</td>
<td>$</td>
<td>$1,758,902</td>
</tr>
<tr>
<td>Net decrease in the fair value of investments</td>
<td>(1,428,891)</td>
<td>-</td>
<td>(1,428,891)</td>
</tr>
<tr>
<td>Interest income from loans</td>
<td>200,466</td>
<td>-</td>
<td>200,466</td>
</tr>
<tr>
<td>Administrative fees</td>
<td>6,646,968</td>
<td>-</td>
<td>6,646,968</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>7,177,445</td>
<td>-</td>
<td>7,177,445</td>
</tr>
</tbody>
</table>

| **Operating expenses:**        |            |                     |              |
| Administrative expenses        | 5,754,113  | -                   | 5,754,113    |
| **Total operating expenses**   | 5,754,113  | -                   | 5,754,113    |

| **Operating income**           | 1,423,332  | -                   | 1,423,332    |

| **Nonoperating revenues:**     |            |                     |              |
| Receipt of prior funding       | 612,673    | -                   | 612,673      |
| State appropriations           | 51,000,000 | -                   | 51,000,000   |
| **Total nonoperating revenue** | 51,612,673 | -                   | 51,612,673   |

| **Change in net position**     | 53,036,005 | -                   | 53,036,005   |

| Net position, beginning of year | 331,438,891 | - | 331,438,891 |
| Net position, end of year       | $384,474,896 | $ | $384,474,896 |

See notes to financial statements.
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)

Statements of Cash Flows
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>Water Bank</th>
<th>Transportation Bank</th>
<th>Total I-Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received for administrative fees</td>
<td>$5,967,682</td>
<td>$ -</td>
<td>$5,967,682</td>
</tr>
<tr>
<td>Cash payments for goods and services</td>
<td>(2,857,175)</td>
<td>(57,070)</td>
<td>(2,914,245)</td>
</tr>
<tr>
<td>Cash payments for salaries</td>
<td>(2,697,043)</td>
<td>(179,823)</td>
<td>(2,876,866)</td>
</tr>
<tr>
<td>Disbursement of loan funds to borrowers</td>
<td>(222,125,481)</td>
<td>-</td>
<td>(222,125,481)</td>
</tr>
<tr>
<td>Principal received from loans to borrowers</td>
<td>189,298,547</td>
<td>-</td>
<td>189,298,547</td>
</tr>
<tr>
<td>Interest received from loans to borrowers</td>
<td>209,254</td>
<td>-</td>
<td>209,254</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(32,204,216)</td>
<td>(236,893)</td>
<td>(32,441,109)</td>
</tr>
</tbody>
</table>

**Cash flows from non-capital financing activities:**

|                           |            |                     |              |
| Receipt of prior funding  | 379,667    | -                   | 379,667      |
| State appropriations received | 130,000,000 | 22,600,000         | 152,600,000  |
| **Net cash provided by non-capital financing activities** | 130,379,667 | 22,600,000         | 152,979,667  |

**Cash flows from investing activities:**

|                           |            |                     |              |
| Interest on investments   | 2,680,120  | 21,656              | 2,701,776    |
| Purchase of investments   | (42,616,397) | -                   | (42,616,397) |
| Proceeds from sale and maturity of investments | 38,622,991 | -                   | 38,622,991   |
| **Net cash (used in) provided by investing activities** | (1,313,286) | 21,656              | (1,291,630)  |

**Net increase in cash and cash equivalents**

|                           |            |                     |              |
|                           | 96,862,165 | 22,384,763          | 119,246,928  |

**Cash and cash equivalents:**

|                           |            |                     |              |
| Beginning of year         | 128,516,738 | -                   | 128,516,738  |
| End of year               | $225,378,903 | $22,384,763         | $247,763,666 |

**Displayed as:**

|                           |            |                     |              |
| Cash and cash equivalents – unrestricted | $8,022,849 | $2,363,107          | $10,385,956  |
| Cash and cash equivalents – restricted   | 217,356,054 | 20,021,656          | 237,377,710  |
| **Cash and cash equivalents**            | $225,378,903 | $22,384,763         | $247,763,666 |

(Continued)
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)

Statements of Cash Flows (Continued)
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>Water Bank</th>
<th>Transportation Bank</th>
<th>Total I-Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconciliation of operating income to net cash used in operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>$ 2,030,189</td>
<td>$ (307,420)</td>
<td>$ 1,722,769</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income (loss) to net cash used in operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>58,198</td>
<td>-</td>
<td>58,198</td>
</tr>
<tr>
<td>Investment income included in operations</td>
<td>(2,680,120)</td>
<td>(21,656)</td>
<td>(2,701,776)</td>
</tr>
<tr>
<td>Net unrealized and realized loss on investments</td>
<td>1,609,794</td>
<td>-</td>
<td>1,609,794</td>
</tr>
<tr>
<td>Amortized interest</td>
<td>(71,485)</td>
<td>-</td>
<td>(71,485)</td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in administrative fee receivable</td>
<td>(23,184)</td>
<td>-</td>
<td>(23,184)</td>
</tr>
<tr>
<td>Decrease (increase) in other assets</td>
<td>10,862</td>
<td>(8,335)</td>
<td>2,527</td>
</tr>
<tr>
<td>Increase in interest receivable</td>
<td>(241,359)</td>
<td>(31,339)</td>
<td>(272,698)</td>
</tr>
<tr>
<td>Increase in loans receivable</td>
<td>(32,826,937)</td>
<td>-</td>
<td>(32,826,937)</td>
</tr>
<tr>
<td>Increase in due from Transportation</td>
<td>(131,857)</td>
<td>-</td>
<td>(131,857)</td>
</tr>
<tr>
<td>Increase in due to Water</td>
<td>-</td>
<td>131,857</td>
<td>131,857</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>61,683</td>
<td>-</td>
<td>61,683</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td><strong>(32,204,216)</strong></td>
<td><strong>(236,893)</strong></td>
<td><strong>(32,441,109)</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.
New Jersey Infrastructure Bank  
f/k/a New Jersey Environmental Infrastructure Trust  
(A Component Unit of the State of New Jersey)

Statements of Cash Flows  
June 30, 2017

|                                | Water Bank | Transportation Bank | Total I-Bank |
|                                |            |                    |              |
| Cash flows from operating activities:    |            |                    |              |
| Cash received for administrative fees | $ 6,677,360 | $ -               | $ 6,677,360 |
| Cash payments for goods and services  | (3,337,985) | -                  | (3,337,985) |
| Cash payments for salaries           | (2,672,644) | -                  | (2,672,644) |
| Disbursement of loan funds to borrowers | (196,526,701) | -                  | (196,526,701) |
| Principal received from loans to borrowers | 102,106,858 | -                  | 102,106,858 |
| Interest received from loans to borrowers | 149,416 | -                  | 149,416 |
| **Net cash used in operating activities** | (93,603,696) | -                  | (93,603,696) |

Cash flows from non-capital financing activities:

|                                                            |            |                    |              |
| Receipt of prior funding                                 | 612,673    | -                  | 612,673      |
| State appropriations received                             | 51,000,000 | -                  | 51,000,000   |
| **Net cash provided by non-capital financing activities** | 51,612,673 | -                  | 51,612,673   |

Cash flows from investing activities:

|                                                            |            |                    |              |
| Interest on investments                                   | 2,407,326  | -                  | 2,407,326    |
| Purchase of investments                                   | (66,191,887) | -                  | (66,191,887) |
| Proceeds from sale and maturity of investments           | 66,998,805 | -                  | 66,998,805   |
| **Net cash provided by investing activities**             | 3,214,244  | -                  | 3,214,244    |

**Net decrease in cash and cash equivalents**             | (38,776,779) | -                  | (38,776,779) |

Cash and cash equivalents:

|                                                            |            |                    |              |
| Beginning of year                                         | 167,293,517 | -                  | 167,293,517 |
| End of year                                               | $ 128,516,738 | $ -              | $ 128,516,738 |

Displayed as:

|                                                            |            |                    |              |
| Cash and cash equivalents – unrestricted                 | $ 9,544,880 | $ -                | $ 9,544,880 |
| Cash and cash equivalents – restricted                   | 118,971,858 | -                  | 118,971,858 |
| **Cash and cash equivalents**                           | $ 128,516,738 | $ -              | $ 128,516,738 |

(Continued)
Reconciliation of operating income to net cash used in operating activities:

<table>
<thead>
<tr>
<th></th>
<th>Water Bank</th>
<th>Transportation Bank</th>
<th>Total I-Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$1,423,332</td>
<td>$ -</td>
<td>$1,423,332</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash used in operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>39,110</td>
<td>-</td>
<td>39,110</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>8,460</td>
<td>-</td>
<td>8,460</td>
</tr>
<tr>
<td>Investment income included in operations</td>
<td>(2,407,326)</td>
<td>-</td>
<td>(2,407,326)</td>
</tr>
<tr>
<td>Net unrealized and realized gain on investments</td>
<td>1,428,891</td>
<td>-</td>
<td>1,428,891</td>
</tr>
<tr>
<td>Amortized interest</td>
<td>698,017</td>
<td>-</td>
<td>698,017</td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in administrative fee receivable</td>
<td>30,392</td>
<td>-</td>
<td>30,392</td>
</tr>
<tr>
<td>Increase in other assets</td>
<td>(31,250)</td>
<td>-</td>
<td>(31,250)</td>
</tr>
<tr>
<td>Increase in interest receivable</td>
<td>(107,220)</td>
<td>-</td>
<td>(107,220)</td>
</tr>
<tr>
<td>Increase in loans receivable</td>
<td>(94,419,841)</td>
<td>-</td>
<td>(94,419,841)</td>
</tr>
<tr>
<td>Decrease in accounts payable</td>
<td>(266,261)</td>
<td>-</td>
<td>(266,261)</td>
</tr>
</tbody>
</table>

**Net cash used in operating activities**

<table>
<thead>
<tr>
<th></th>
<th>Water Bank</th>
<th>Transportation Bank</th>
<th>Total I-Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ (93,603,696)</td>
<td>$ -</td>
<td>$ (93,603,696)</td>
</tr>
</tbody>
</table>

See notes to financial statements.
Note 1. Organization and Function of the I-Bank

The New Jersey Wastewater Treatment Trust (Trust) was created by the Legislature of the State of New Jersey (the State) in November 1985 as an independent State financing authority. On June 23, 1997, the State Legislature passed amendments authorizing the Trust to issue loans for Drinking Water projects and to rename the entity the New Jersey Environmental Infrastructure Trust. On October 14, 2016, the I-Bank Act was further amended pursuant to Public Law 2016, Chapter 56 (the Amending Statute). The Amending Statute, which became effective on January 16, 2018, pursuant to Public Law 2017, Chapter 327, changed the name to the New Jersey Infrastructure Bank (I-Bank) and expanded the statutory authority of the I-Bank to include a financing program for local transportation projects. Given this expansion of its statutory authority, the I-Bank currently is structured organizationally as two distinct operating departments: (i) one department, in conjunction with the New Jersey Department of Environmental Protection (NJ DEP), for the purpose of operating its environmental infrastructure financing programs, which programs are referred to collectively as the New Jersey Water Bank (Water Bank), and (ii) a second department, in conjunction with the New Jersey Department of Transportation (NJ DOT), for the purpose of operating its transportation infrastructure financing programs, which programs are referred to as the New Jersey Transportation Bank (Transportation Bank). The I-Bank is a component unit of the State in but not of the Department of Treasury.

The I-Bank Board of Directors consists of ten members. Four are members ex officio: (i) the New Jersey State Treasurer; (ii) the Commissioner of the New Jersey Department of Community Affairs; (iii) the Commissioner of the New Jersey Department of Environmental Protection; and (iv) the Commissioner of the New Jersey Department of Transportation. The six remaining directors are appointed. Two directors are appointed by the Governor of the State (the Governor) upon the recommendation of the President of the State Senate. Two directors are appointed by the Governor upon the recommendation of the Speaker of the State General Assembly. The four aforementioned appointees serve during the two-year legislative term in which they are appointed. The remaining two directors are appointed by the Governor with the advice and consent of the State Senate, each for a four-year term. Each appointed director serves until a successor is appointed and qualified, and is eligible for reappointment. Any vacancy is filled in the same manner as the original appointment. The Governor designates one of the appointed directors to be the chairman and chief executive officer, who serves in such office for a term of two years and until a successor has been designated. The directors elect biannually a vice chairman, a treasurer and a secretary from among the appointed directors.

The I-Bank is administered by an Executive Director and staff, under the guidance of the Board of Directors. In order to further ensure compliance with the legal requirement for the segregation of program funds, the monies of the Transportation Bank and Water Bank are held at separate custodial banks (Wells Fargo and TD Bank, respectively). The Water Bank utilizes Trustees (U.S. Bank, Bank of New York Mellon and Zions Bank) and loan servicers (U.S. Bank, TD Bank and the I-Bank) for its long-term loan program. The Transportation Bank has not issued any short-term or long-term loans to date. The initial proceeds from a bond issuance representing any remaining project funds not disbursed for project expenses prior to bond closing, are held by the Trustee. The I-Bank authorizes the Trustee to disburse funds to the borrowers for requisitions based on a review and approval process in conjunction with the NJ DEP. Undisbursed funds are invested and held by the Trustee for disbursement according to the loan agreements. In the case of external loan servicing, the loan servicer receives all payments of principal and interest from the borrowers and forwards such funds to the individual bond series Trustee and the Master Program Trustee (U.S. Bank) or the NJDEP or the I-Bank, as appropriate. As noted above, for Water Bank loans issued in 2004 and later, the I-Bank’s accounting staff acts as loan servicer, with repayments being received directly by the Trustee. As a public body under existing statute, the I-Bank is exempt from both federal and state taxes.
Note 1. Organization and Function of the I-Bank (Continued)

Short-term construction loans are rapidly becoming a major component of the Water Bank, and in SFY2018, the large majority of projects utilized construction loans as the primary source of funding prior to securing long-term financing. The Water Bank disburses funds to borrowers upon approval of requisitions by the NJ DEP. These short-term loans are refinanced by long-term loans once construction is at or close to completion.

Under the Water Bank’s Long-Term Program, the I-Bank and the NJ DEP assists in obtaining financing for allowable project costs. The I-Bank issues debt on behalf of the borrowers; this debt is classified as conduit debt and as such is not included in the statements of net position of the I-Bank. The I-Bank lends its share of allowable costs (typically, 25%-50% of the total financed amount) to borrowers for various terms up to a maximum of 30 years at a rate equal to the interest rate and associated issuance costs on its conduit debt obligations. In turn, payments by the borrowers on these loans are used to pay debt service on the I-Bank’s conduit debt obligations issued for the Water Bank.

In addition to an interest-bearing loan from the I-Bank, borrowers receive an interest-free loan from the NJ DEP. The sources for the NJ DEP loans are federal capitalization grants received under the Clean Water Act and the Safe Drinking Water Act and State general obligation bond issuances approved to capitalize the various loan funds, (collectively, the NJ DEP Funds). The NJ DEP maintains internally designated Clean Water (the CW) and Drinking Water (the DW) State Revolving Funds to separately account for loans by the Department. In some instances, the borrowers receive a principal forgiveness loan in which the State will forgive the repayment of a portion of the principal of each loan. The accompanying financial statements do not include any assets, liabilities or fund balances of the NJ DEP Funds.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The I-Bank’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to a special purpose government engaged in only business-type activities. The focus of business-type activities is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the I-Bank are discussed below.

Basis of accounting: Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The accrual basis of accounting is followed by the I-Bank.

The I-Bank reports the following major enterprise funds:

**Water Bank:** This fund is used for operating its environmental infrastructure financing programs, in conjunction with NJ DEP.

**Transportation Bank:** This fund is used for operating its transportation infrastructure financing programs

**Revenues – exchange and non-exchange transactions:** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recognized when the exchange is settled.
Note 2. Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the I-Bank receives value without directly giving equal value in return, include grants, state appropriations, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the I-Bank must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the I-Bank on a reimbursement basis.

Expenses: Expenses are recognized at the time they are incurred. Direct costs are expensed to each program while indirect expenses are allocated based on salary allocations between the two programs.

Cash, cash equivalents and investments: Cash and cash equivalents include funds invested in the PFM Funds – Prime Institutional Class, the Wells Fargo Government Money Market Fund and the Goldman Sachs Treasury Obligation Money Market Fund, and investments with original maturities of three months or less from the date of purchase. Such is the definition of cash and cash equivalents used in the statements of cash flows. Cash equivalents are stated at amortized cost.

Investments are purchased with the intent to hold to maturity. Investments, which consist primarily of U.S. Government Obligations, are stated at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses and changes in net position.

Fair value: The I-Bank uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

The I-Bank’s fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.
Note 2. Summary of Significant Accounting Policies (Continued)

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

See Note 3 for additional information regarding fair value measurements.

Operating and nonoperating revenues and expenses: Operating revenues include all revenues derived from administration fees, interest income on direct, short-term loans, SAIL loans and investment income. Non-operating revenues principally consist of appropriations from the State for additional loan programs.

Operating expenses include expenses associated with the general administration of the I-Bank. Direct costs are expensed to each program while indirect expenses are allocated based on salary allocations.

Conduit debt obligations: Due to the fact that the bonds issued by the I-Bank are non-recourse debt obligations to the I-Bank, the I-Bank, in effect, has none of the risks or rewards of the related financing. Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer’s financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued (GASB interpretation 2) (see Note 8).

Capital assets: Capital assets consist of leasehold improvements, office furniture, computers and office equipment and vehicles. Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Expenditures are capitalized when they meet the following requirements: (1) cost of $5,000 or more, (2) useful life of more than one year, and (3) asset is not affected by consumption.

Depreciation: Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

<table>
<thead>
<tr>
<th>Years</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>Lesser of the lease term or useful life</td>
</tr>
<tr>
<td>Office furniture</td>
<td>7</td>
</tr>
<tr>
<td>Computers and office equip</td>
<td>5</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5</td>
</tr>
</tbody>
</table>
Note 2.  Summary of Significant Accounting Policies (Continued)

Net position: In accordance with the provisions of GASB Statement No. 63 (GASB 63), Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, the I-Bank has classified its Net Position into three components – Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation.

Restricted: This component of net position consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation, that restricts the use of Net Position.

The I-Bank further separates restricted net position into “restricted for debt service”, “restricted for interim financing loan program” and “restricted for transportation program”. Net position restricted for debt service includes amounts that have been restricted in accordance with the terms of an award or agreement or by State law and can be used as a guarantee for bond offerings. Net position restricted for interim financing loan program is restricted for short-term financing of allowable costs of environmental infrastructure projects. Net position restricted for transportation program is restricted in accordance with the terms of the appropriation to make loans and pay operating costs within the Transportation Program.

Unrestricted: This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.” This component includes net position that may be allocated for specific purposes by the Board of Directors.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Recently issued accounting pronouncements: The I-Bank evaluated GASB statements 83 through 87; Management has determined there will be no effect to the I-Bank’s financial statements for all but those statements noted below:

In June 2017, GASB issued Statement No. 87, Leases (GASB 87). This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflow of resources or outflows of resources based on the payment provisions of the contract. This Statement is effective for fiscal years beginning after December 15, 2019. The I-Bank has not yet determined the effect of the adoption of this Statement.
Note 3. Cash, Cash Equivalents and Investments

The amounts of cash and cash equivalents in the accounts as of June 30, 2018, is as follows:

\[
\begin{array}{ccc}
\text{Water Bank} & \text{Transportation Bank} & \text{Total I-Bank}
\end{array}
\]
\[
\begin{array}{ccc}
\text{Operating checking (TD Bank)} & \$254,387 & - & \$254,387 \\
\text{GS SQ Treasury obligation (TD Bank MM)} & 199,417,151 & - & 199,417,151 \\
\text{Wells Fargo Government MM Fund Instl Class (WELLS FARGO)} & - & 22,384,763 & 22,384,763 \\
\text{Prime, institutional class (PFM Funds)} & 25,707,365 & - & 25,707,365 \\
\end{array}
\]
\[
\begin{array}{c}
\$225,378,903 \\
\$22,384,763 \\
\$247,763,666
\end{array}
\]

The amounts of cash and cash equivalents in the accounts as of June 30, 2017, is as follows:

\[
\begin{array}{ccc}
\text{Water Bank} & \text{Transportation Bank} & \text{Total I-Bank}
\end{array}
\]
\[
\begin{array}{ccc}
\text{Operating checking (TD Bank)} & \$6,242 & - & \$6,242 \\
\text{GS SQ Treasury obligation (TD Bank MM)} & 88,316,213 & - & 88,316,213 \\
\text{Prime, institutional class (PFM Funds)} & 40,194,283 & - & 40,194,283 \\
\end{array}
\]
\[
\begin{array}{c}
\$128,516,738 \\
\$128,516,738
\end{array}
\]

Custodial credit risk: Custodial credit risk is the risk that, in the event of failure of the counterparty, the I-Bank will not be able to recover the value of its cash and investments that are in the possession of an outside party. Cash, cash equivalents and investments are restricted under the terms of the I-Bank’s investment policy. Statutory limits also apply to the investments of the I-Bank. Deposits and investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the I-Bank and are held by either the counterparty or the counterparty’s trust department or agent, but not in the I-Bank’s name. As of June 30, 2018, the I-Bank deposits are $254,387, of which $4,387 is uncollateralized. As of June 30, 2017, the I-Bank deposits are fully covered by the Federal Deposit Insurance Corporation. All of the I-Bank’s investments, $115,838,766 and $113,383,502 as of June 30, 2018 and 2017, respectively, are held in an account outside the counterparty, not in the name of the I-Bank.

Credit risk: Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. All assets are invested pursuant to the I-Bank’s separate investment policy. This policy limits the type and ratings of securities allowable as well as providing diversification requirements.
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The I-Bank seeks to minimize interest rate risk by structuring the investment portfolio so that securities mature to meet a projected liability schedule, thereby avoiding the need to sell securities prior to maturity and the possibility of a realized loss.

As of June 30, 2018 and 2017, the I-Bank had the following investments and maturities, all of which are reported by the Water Bank:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>June 30, 2018</th>
<th>Fair Value</th>
<th>Investment Maturity (In Years)</th>
<th>More Than 10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Less Than 1</td>
<td>1-5</td>
<td>6-10</td>
</tr>
<tr>
<td>U.S. Treasury Notes</td>
<td>$52,272,616</td>
<td>$9,716,107</td>
<td>$42,556,509</td>
<td>$7, $</td>
</tr>
<tr>
<td>U.S. Gov’t Other</td>
<td>25,253,048</td>
<td>11,520,471</td>
<td>11,629,453</td>
<td>1,298,670</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>981,976</td>
<td>981,976</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Bonds/Notes/CP</td>
<td>37,331,126</td>
<td>9,639,576</td>
<td>27,691,550</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$115,838,766</td>
<td>$31,858,130</td>
<td>$81,877,512</td>
<td>$1,298,670</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>June 30, 2017</th>
<th>Fair Value</th>
<th>Investment Maturity (In Years)</th>
<th>More Than 10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Less Than 1</td>
<td>1-5</td>
<td>6-10</td>
</tr>
<tr>
<td>U.S. Treasury Notes</td>
<td>$51,111,237</td>
<td>$7,433,358</td>
<td>$43,677,879</td>
<td>$7, $</td>
</tr>
<tr>
<td>U.S. Gov’t Other</td>
<td>32,151,127</td>
<td>6,927,563</td>
<td>25,223,564</td>
<td>-</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>988,388</td>
<td>-</td>
<td>988,388</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Bonds/Notes/CP</td>
<td>29,132,750</td>
<td>12,484,115</td>
<td>16,648,635</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$113,383,502</td>
<td>$26,845,036</td>
<td>$86,538,466</td>
<td>$-</td>
</tr>
</tbody>
</table>

As of June 30, 2018 and 2017, the Transportation Bank did not have any investment holdings, as all funds were invested in money market funds.
New Jersey Infrastructure Bank  
f/k/a New Jersey Environmental Infrastructure Trust  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 3.  Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2018, the I-Bank had the following investments, maturities and credit ratings all of which are reported by the Water Bank:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Maturities</th>
<th>S&amp;P Credit Rating</th>
<th>Moody’s Credit Rating</th>
<th>June 30, 2018 Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Motor Credit Corp</td>
<td>07/13/18</td>
<td>Aa3</td>
<td>AA-</td>
<td>$99,970</td>
</tr>
<tr>
<td>BNP Paribas NY Branch</td>
<td>08/06/18</td>
<td>P-1</td>
<td>A-1</td>
<td>798,288</td>
</tr>
<tr>
<td>HSBC USA Inc</td>
<td>08/07/18</td>
<td>A2</td>
<td>A</td>
<td>1,049,430</td>
</tr>
<tr>
<td>BNP Paribas NY Branch</td>
<td>12/14/18</td>
<td>P-1</td>
<td>A-1</td>
<td>1,977,600</td>
</tr>
<tr>
<td>MUFG Bank</td>
<td>01/04/19</td>
<td>P-1</td>
<td>A-1</td>
<td>1,974,453</td>
</tr>
<tr>
<td>JPMorgan Chase &amp; Co</td>
<td>01/28/19</td>
<td>A3</td>
<td>A-</td>
<td>1,872,030</td>
</tr>
<tr>
<td>American Express Credit</td>
<td>03/18/19</td>
<td>A2</td>
<td>A</td>
<td>1,867,804</td>
</tr>
<tr>
<td>CT State Taxable GO Bonds</td>
<td>04/15/19</td>
<td>A1</td>
<td>A</td>
<td>981,976</td>
</tr>
<tr>
<td>African Development Bank</td>
<td>09/20/19</td>
<td>Aaa</td>
<td>AAA</td>
<td>786,192</td>
</tr>
<tr>
<td>Burlington North Corp</td>
<td>10/01/19</td>
<td>A3</td>
<td>A+</td>
<td>511,311</td>
</tr>
<tr>
<td>Intl Bank Of Recon And Dev</td>
<td>11/27/19</td>
<td>Aaa</td>
<td>AAA</td>
<td>882,108</td>
</tr>
<tr>
<td>General Elec Cap Corp</td>
<td>01/08/20</td>
<td>A2</td>
<td>A</td>
<td>1,668,845</td>
</tr>
<tr>
<td>Wells Fargo &amp; Company</td>
<td>01/30/20</td>
<td>A2</td>
<td>A-</td>
<td>1,848,696</td>
</tr>
<tr>
<td>Microsoft Corp</td>
<td>02/06/20</td>
<td>Aaa</td>
<td>AAA</td>
<td>760,161</td>
</tr>
<tr>
<td>Toyota Motor Credit Corp</td>
<td>03/12/20</td>
<td>Aa3</td>
<td>AA-</td>
<td>533,498</td>
</tr>
<tr>
<td>Toyota Motor Credit Corp</td>
<td>04/17/20</td>
<td>Aa3</td>
<td>AA-</td>
<td>840,291</td>
</tr>
<tr>
<td>Home Depot Inc</td>
<td>06/05/20</td>
<td>A2</td>
<td>A</td>
<td>427,176</td>
</tr>
<tr>
<td>Walt Disney Co</td>
<td>06/05/20</td>
<td>A2</td>
<td>A+</td>
<td>977,665</td>
</tr>
<tr>
<td>American Honda Finance</td>
<td>07/20/20</td>
<td>A2</td>
<td>A+</td>
<td>372,117</td>
</tr>
<tr>
<td>Caterpillar Financial Services</td>
<td>09/04/20</td>
<td>A3</td>
<td>A</td>
<td>657,322</td>
</tr>
<tr>
<td>Intl Bank Of Recon And Dev</td>
<td>09/04/20</td>
<td>Aaa</td>
<td>AAA</td>
<td>1,466,895</td>
</tr>
<tr>
<td>Intl Bank Of Recon And Dev</td>
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<td>Aaa</td>
<td>AAA</td>
<td>1,755,270</td>
</tr>
<tr>
<td>Procter &amp; Gamble Co</td>
<td>10/23/20</td>
<td>Aa3</td>
<td>AA-</td>
<td>582,428</td>
</tr>
<tr>
<td>Apple Inc</td>
<td>11/13/20</td>
<td>Aa1</td>
<td>AA+</td>
<td>1,766,904</td>
</tr>
<tr>
<td>Wal-Mart Stores Inc</td>
<td>12/15/20</td>
<td>Aa2</td>
<td>AA</td>
<td>1,885,992</td>
</tr>
<tr>
<td>IBM Corp</td>
<td>01/20/21</td>
<td>A1</td>
<td>A+</td>
<td>872,109</td>
</tr>
<tr>
<td>IBM Corp</td>
<td>02/05/21</td>
<td>A1</td>
<td>A+</td>
<td>495,262</td>
</tr>
<tr>
<td>International Finance Corp</td>
<td>03/09/21</td>
<td>Aaa</td>
<td>AAA</td>
<td>892,192</td>
</tr>
<tr>
<td>African Development Bank</td>
<td>03/22/21</td>
<td>Aaa</td>
<td>AAA</td>
<td>1,892,117</td>
</tr>
<tr>
<td>UPS Corp</td>
<td>04/01/21</td>
<td>A1</td>
<td>A+</td>
<td>741,340</td>
</tr>
<tr>
<td>Bank of NY Mellon Corp</td>
<td>05/03/21</td>
<td>A1</td>
<td>A</td>
<td>993,031</td>
</tr>
<tr>
<td>Branch Banking &amp; Trust Corp</td>
<td>05/10/21</td>
<td>A2</td>
<td>A-</td>
<td>507,294</td>
</tr>
<tr>
<td>Hershey Company Corp</td>
<td>05/15/21</td>
<td>A1</td>
<td>A</td>
<td>360,404</td>
</tr>
<tr>
<td>State Street Corp</td>
<td>05/19/21</td>
<td>A1</td>
<td>A</td>
<td>279,009</td>
</tr>
<tr>
<td>PepsiCo Inc</td>
<td>10/06/21</td>
<td>A1</td>
<td>A+</td>
<td>478,150</td>
</tr>
<tr>
<td>IBM Corp</td>
<td>05/11/22</td>
<td>A1</td>
<td>A+</td>
<td>486,116</td>
</tr>
<tr>
<td>Apple Inc</td>
<td>05/13/22</td>
<td>Aa1</td>
<td>AA+</td>
<td>196,854</td>
</tr>
<tr>
<td>Toyota Motor Credit Corp</td>
<td>09/08/22</td>
<td>Aa3</td>
<td>AA-</td>
<td>429,166</td>
</tr>
<tr>
<td>Microsoft Corp</td>
<td>11/03/22</td>
<td>Aaa</td>
<td>AAA</td>
<td>491,748</td>
</tr>
<tr>
<td>John Deere Capital</td>
<td>01/06/23</td>
<td>A2</td>
<td>A</td>
<td>853,888</td>
</tr>
<tr>
<td>U.S. Treasury Notes and Bonds</td>
<td>Demand</td>
<td>Aaa</td>
<td>AA+</td>
<td>52,272,616</td>
</tr>
<tr>
<td>Other U.S. Government Notes and Bonds</td>
<td>Demand</td>
<td>Aaa</td>
<td>AA+</td>
<td>25,253,048</td>
</tr>
</tbody>
</table>

$ 115,838,766
Note 3. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2017, the I-Bank had the following investments, maturities and credit ratings all of which are reported by the Water Bank:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Maturities</th>
<th>S&amp;P Credit Rating</th>
<th>Moody’s Credit Rating</th>
<th>June 30, 2017 Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Treasury Bill</td>
<td>07/06/17</td>
<td>A-1+</td>
<td>P-1</td>
<td>$ 1,999,874</td>
</tr>
<tr>
<td>BNP Paribas NY Branch</td>
<td>07/18/17</td>
<td>A-1</td>
<td>P-1</td>
<td>799,523</td>
</tr>
<tr>
<td>Credit Agricole CIB NY</td>
<td>08/02/17</td>
<td>A-1</td>
<td>P-1</td>
<td>799,119</td>
</tr>
<tr>
<td>Bank Tokyo-Mit UFJ NY</td>
<td>10/13/17</td>
<td>A-1</td>
<td>P-1</td>
<td>797,002</td>
</tr>
<tr>
<td>Toyota Motor Credit Corp</td>
<td>01/12/18</td>
<td>AA-</td>
<td>Aa3</td>
<td>100,059</td>
</tr>
<tr>
<td>John Deere Capital Corp</td>
<td>01/16/18</td>
<td>A</td>
<td>A2</td>
<td>1,873,459</td>
</tr>
<tr>
<td>IBM Corp</td>
<td>02/06/18</td>
<td>A+</td>
<td>Aa3</td>
<td>2,346,475</td>
</tr>
<tr>
<td>Exxon Mobil Corporation</td>
<td>03/06/18</td>
<td>AA+</td>
<td>Aaa</td>
<td>1,898,849</td>
</tr>
<tr>
<td>American Honda Finance</td>
<td>03/13/18</td>
<td>A+</td>
<td>A1</td>
<td>1,415,971</td>
</tr>
<tr>
<td>Bank of NY Mellon Corp</td>
<td>05/22/18</td>
<td>A</td>
<td>A1</td>
<td>825,433</td>
</tr>
<tr>
<td>Cisco Systems Inc</td>
<td>06/15/18</td>
<td>AA-</td>
<td>A1</td>
<td>1,628,226</td>
</tr>
<tr>
<td>Toyota Motor Credit Corp</td>
<td>07/13/18</td>
<td>AA-</td>
<td>Aa3</td>
<td>100,174</td>
</tr>
<tr>
<td>HSBC USA Inc</td>
<td>08/07/18</td>
<td>A</td>
<td>A2</td>
<td>1,905,358</td>
</tr>
<tr>
<td>JPMorgan Chase &amp; Co</td>
<td>01/28/19</td>
<td>A-</td>
<td>A3</td>
<td>1,889,278</td>
</tr>
<tr>
<td>American Express Credit</td>
<td>03/18/19</td>
<td>A-</td>
<td>A2</td>
<td>1,883,991</td>
</tr>
<tr>
<td>CT State Taxable GO Bonds</td>
<td>04/15/19</td>
<td>A+</td>
<td>Aa3</td>
<td>988,388</td>
</tr>
<tr>
<td>African Development Bank</td>
<td>09/20/19</td>
<td>AAA</td>
<td>Aaa</td>
<td>791,607</td>
</tr>
<tr>
<td>Burlington North Corp</td>
<td>10/01/19</td>
<td>A</td>
<td>A3</td>
<td>531,567</td>
</tr>
<tr>
<td>General Elec Cap Corp</td>
<td>01/08/20</td>
<td>AA-</td>
<td>A1</td>
<td>1,753,684</td>
</tr>
<tr>
<td>Wells Fargo &amp; Company</td>
<td>01/30/20</td>
<td>A</td>
<td>A2</td>
<td>1,879,821</td>
</tr>
<tr>
<td>Microsoft Corp</td>
<td>02/06/20</td>
<td>AAA</td>
<td>Aaa</td>
<td>771,963</td>
</tr>
<tr>
<td>Toyota Motor Credit Corp</td>
<td>03/12/20</td>
<td>AA-</td>
<td>Aa3</td>
<td>543,086</td>
</tr>
<tr>
<td>Toyota Motor Credit Corp</td>
<td>04/17/20</td>
<td>AA-</td>
<td>Aa3</td>
<td>854,736</td>
</tr>
<tr>
<td>Home Depot Inc</td>
<td>06/05/20</td>
<td>A</td>
<td>A2</td>
<td>435,199</td>
</tr>
<tr>
<td>Walt Disney Co</td>
<td>06/05/20</td>
<td>A+</td>
<td>A2</td>
<td>997,845</td>
</tr>
<tr>
<td>Bank of NY Mellon Corp</td>
<td>05/03/21</td>
<td>A</td>
<td>A1</td>
<td>1,015,618</td>
</tr>
<tr>
<td>Branch Banking &amp; Trust Corp</td>
<td>05/10/21</td>
<td>A-</td>
<td>A2</td>
<td>520,903</td>
</tr>
<tr>
<td>State Street Corp</td>
<td>05/19/21</td>
<td>A</td>
<td>A1</td>
<td>284,363</td>
</tr>
<tr>
<td>PepsiCo Inc</td>
<td>10/06/21</td>
<td>A+</td>
<td>A1</td>
<td>489,441</td>
</tr>
<tr>
<td>U.S. Treasury Notes and Bonds</td>
<td>Demand</td>
<td>AA+</td>
<td>Aaa</td>
<td>49,111,363</td>
</tr>
<tr>
<td>Other U.S. Government Notes and Bonds</td>
<td>Demand</td>
<td>AA+</td>
<td>Aaa</td>
<td>32,151,127</td>
</tr>
</tbody>
</table>

$ 113,383,502
Note 3.  Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2018, and 2017, the I-Bank had the following investments, all of which are reported by the Water Bank, at fair value measurement by level, (as of the Transportation Bank did not have any investment holdings, as all funds were cash equivalents):

<table>
<thead>
<tr>
<th>Investments by fair value level:</th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt securities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Notes</td>
<td>$ 52,272,616</td>
<td>$ 52,272,616</td>
<td>-$</td>
</tr>
<tr>
<td>Corporate bonds/Notes/CP</td>
<td>37,331,126</td>
<td>37,331,126</td>
<td>-</td>
</tr>
<tr>
<td>U.S. Government other</td>
<td>25,253,048</td>
<td>25,253,048</td>
<td>-</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>981,976</td>
<td>981,976</td>
<td>-</td>
</tr>
<tr>
<td>Total debt securities</td>
<td>115,838,766</td>
<td>115,838,766</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total investments by fair value level                              | $ 115,838,766                                                 | $ 115,838,766                               | -$                                       |
| Investments as reported on the statement of financial position:    |                                                               |                                             |                                          |
| Current:                                                           |                                                               |                                             |                                          |
| Unrestricted                                                       | $ 5,443,441                                                   |                                             |                                          |
| Restricted                                                         | 26,414,689                                                    |                                             |                                          |
| Noncurrent:                                                        |                                                               |                                             |                                          |
| Unrestricted                                                       | 1,480,488                                                     |                                             |                                          |
| Restricted                                                         | 82,500,148                                                    |                                             |                                          |
| Total investments                                                  | $ 115,838,766                                                 |                                             |                                          |
Note 3. Cash, Cash Equivalents and Investments (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Fair Value Measurements Using</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quoted Prices</td>
</tr>
<tr>
<td></td>
<td>in Active Markets for</td>
</tr>
<tr>
<td></td>
<td>Significant Other Identical</td>
</tr>
<tr>
<td></td>
<td>Observable Unobservable</td>
</tr>
<tr>
<td></td>
<td>Assets (Level 1) Inputs</td>
</tr>
<tr>
<td></td>
<td>Inputs (Level 2) Inputs</td>
</tr>
<tr>
<td></td>
<td>Inputs (Level 3)</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>$113,383,502</td>
</tr>
</tbody>
</table>

Investments by fair value level:

<table>
<thead>
<tr>
<th>Investments by fair value level:</th>
<th>Quoted Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt securities:</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Notes</td>
<td>$51,111,237</td>
</tr>
<tr>
<td>Corporate bonds/Notes/CP</td>
<td>29,132,750</td>
</tr>
<tr>
<td>U.S. Government other</td>
<td>32,151,127</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>988,388</td>
</tr>
<tr>
<td>Total debt securities</td>
<td>113,383,502</td>
</tr>
<tr>
<td>Total investments by fair value level</td>
<td>$113,383,502</td>
</tr>
</tbody>
</table>

Investments as reported on the statement of financial position:

<table>
<thead>
<tr>
<th>Investments as reported on the statement of financial position:</th>
<th>Quoted Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$3,709,139</td>
</tr>
<tr>
<td>Restricted</td>
<td>23,135,897</td>
</tr>
<tr>
<td>Noncurrent:</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>86,538,466</td>
</tr>
<tr>
<td>Total investments</td>
<td>$113,383,502</td>
</tr>
</tbody>
</table>

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Both the State and I-Bank’s investment policy provides diversification requirements and limits the amount the I-Bank may invest in any one issuer. All of the I-Bank’s investments are in either US Treasury obligations, Prime or Government money market funds, agency bonds, municipal bonds, or corporate bonds and notes.

Note 4. Loans Receivable and Commitment

The Water Bank provides loans to borrowers to finance allowable costs of clean water and safe drinking water projects. Most of the loans are secured by the full faith and credit of a local governmental unit.

The direct loan program provides long-term loans for small projects or for borrowers that are fiscally constrained or lack the administrative capability to participate in the I-Bank’s Water Bank bond financing transaction. The I-Bank funds these loans through cash on hand rather than through the issuance of bonds. The I-Bank portion of each total loan is structured at a rate equivalent to the Thomson Reuters TM3 AAA Index on the date of loan closing plus (or minus) the spread from the I-Bank Water Bank’s most recent issue. The direct loans are repayable in most cases over a period of 20 years, with some loans maturing over a shorter period, and with interest rates of 0.17% to 5.33% per annum. As June 30, 2018 and 2017, the direct loans balance net of undisbursed funds was $7,901,639 and $8,733,978, respectively. Included in this balance are amounts owed from borrowers primarily for contributions made by the I-Bank on their behalf for defeasances of $2,195,664 and $2,525,010 as of June 30, 2018 and 2017, respectively.
Note 4. Loans Receivable and Commitment (Continued)

Loans issued under the Water Bank short-term loan program and SAIL loan program are issued, with few exceptions, for a maximum of five fiscal years. With limited exceptions, these loans have an interest rate of 0% per year. These loans will be converted into long-term loans through either the bond program or direct loan program. As of June 30, 2018 and 2017, the balance for the loans described was $165,619,453 and $131,960,343, respectively. As of June 30, 2018, and 2017, the balance for the loans outstanding with a 0% interest rate was $163,575,045 and $115,787,835, respectively.

The Water Bank had a net loans receivable balance of $173,521,092 and $140,694,322 as of June 30, 2018 and 2017, respectively. This consisted of outstanding loans issued of $173,652,518 and $140,961,178 net of undisbursed loan funds of $131,426 and $266,856 for 2018 and 2017, respectively. Undisbursed loan funds include loan funds that have been committed to a specific borrower and held for its project in a separate account, but not yet requisitioned by the borrower for remaining project expenses.

The Water Bank does not maintain an allowance for loan losses given the repayment history of the pool of direct loans borrowers coupled with the debt service reserve holdings for some of the borrowers. In addition, the short-term loans are anticipated to be repaid with proceeds of bonds issued by the I-Bank and funds held at the NJ DEP and are therefore not subject to individual borrower repayment risk.

The Water Bank had certain borrowers whose loan receivables individually represented 10% or more of the Water Bank’s total loans receivable. For the years ended June 30, 2018 and 2017, two borrowers accounted for 34% and two borrowers accounted for 36% of loans receivable, respectively.

The Water Bank is also committed to fund short-term loans to borrowers of approximately $485 million that had not been requisitioned as of June 30, 2018.

Annual maturities for Water Bank loans receivable are as follows:

<table>
<thead>
<tr>
<th>Years ending June 30:</th>
<th>SAIL and Short-Term</th>
<th>Direct Loans</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 69,114,363</td>
<td>$ 764,935</td>
<td>$ 69,879,298</td>
</tr>
<tr>
<td>Less undisbursed loan funds</td>
<td>-</td>
<td>(131,426)</td>
<td>(131,426)</td>
</tr>
<tr>
<td>Current loans</td>
<td>69,114,363</td>
<td>633,509</td>
<td>69,747,872</td>
</tr>
<tr>
<td>2020</td>
<td>53,774,292</td>
<td>618,918</td>
<td>54,393,210</td>
</tr>
<tr>
<td>2021</td>
<td>37,725,649</td>
<td>1,735,271</td>
<td>39,460,920</td>
</tr>
<tr>
<td>2022</td>
<td>2,960,740</td>
<td>426,881</td>
<td>3,387,621</td>
</tr>
<tr>
<td>2023</td>
<td>-</td>
<td>528,459</td>
<td>528,459</td>
</tr>
<tr>
<td>2024 through 2028</td>
<td>2,044,409</td>
<td>2,187,616</td>
<td>4,232,025</td>
</tr>
<tr>
<td>2029 through 2033</td>
<td>-</td>
<td>1,571,495</td>
<td>1,571,495</td>
</tr>
<tr>
<td>2034 through 2038</td>
<td>-</td>
<td>165,920</td>
<td>165,920</td>
</tr>
<tr>
<td>2039 through 2043</td>
<td>-</td>
<td>17,276</td>
<td>17,276</td>
</tr>
<tr>
<td>2044 through 2048</td>
<td>-</td>
<td>16,294</td>
<td>16,294</td>
</tr>
<tr>
<td>Noncurrent loans</td>
<td>96,505,090</td>
<td>7,268,130</td>
<td>103,773,220</td>
</tr>
<tr>
<td>Loans receivable, net</td>
<td>$165,619,453</td>
<td>$ 7,901,639</td>
<td>$173,521,092</td>
</tr>
</tbody>
</table>

30
### Note 5. Capital Assets

The following is a summary of capital assets of the Water Bank at cost:

<table>
<thead>
<tr>
<th></th>
<th>Balance at June 30, 2017</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance at June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$ 68,828</td>
<td>$</td>
<td>$</td>
<td>$ 68,828</td>
</tr>
<tr>
<td>Office furniture</td>
<td>59,379</td>
<td>-</td>
<td>-</td>
<td>59,379</td>
</tr>
<tr>
<td>Computers and office equipment</td>
<td>121,110</td>
<td>-</td>
<td>-</td>
<td>121,110</td>
</tr>
<tr>
<td>Vehicles</td>
<td>43,766</td>
<td>-</td>
<td>-</td>
<td>43,766</td>
</tr>
<tr>
<td><strong>Total original book value</strong></td>
<td>293,083</td>
<td>-</td>
<td>-</td>
<td>293,083</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>36,400</td>
<td>30,942</td>
<td>-</td>
<td>67,342</td>
</tr>
<tr>
<td>Office furniture</td>
<td>44,212</td>
<td>12,489</td>
<td>-</td>
<td>101,857</td>
</tr>
<tr>
<td>Computers and office equipment</td>
<td>73,273</td>
<td>16,095</td>
<td>-</td>
<td>89,368</td>
</tr>
<tr>
<td>Vehicles</td>
<td>27,639</td>
<td>10,337</td>
<td>-</td>
<td>37,976</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>197,619</td>
<td>58,198</td>
<td>-</td>
<td>255,817</td>
</tr>
<tr>
<td><strong>Capital assets (net)</strong></td>
<td>$ 95,464</td>
<td>(58,198)</td>
<td>-</td>
<td>$ 37,266</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Balance at June 30, 2016</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance at June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$ 68,828</td>
<td>$</td>
<td>$</td>
<td>$ 68,828</td>
</tr>
<tr>
<td>Office furniture</td>
<td>59,379</td>
<td>-</td>
<td>-</td>
<td>59,379</td>
</tr>
<tr>
<td>Computers and office equipment</td>
<td>121,110</td>
<td>-</td>
<td>-</td>
<td>121,110</td>
</tr>
<tr>
<td>Vehicles</td>
<td>43,766</td>
<td>-</td>
<td>-</td>
<td>43,766</td>
</tr>
<tr>
<td><strong>Total original book value</strong></td>
<td>293,083</td>
<td>-</td>
<td>-</td>
<td>293,083</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>26,568</td>
<td>9,832</td>
<td>-</td>
<td>36,400</td>
</tr>
<tr>
<td>Office furniture</td>
<td>39,782</td>
<td>4,430</td>
<td>-</td>
<td>44,212</td>
</tr>
<tr>
<td>Computers and office equipment</td>
<td>73,273</td>
<td>16,095</td>
<td>-</td>
<td>89,368</td>
</tr>
<tr>
<td>Vehicles</td>
<td>18,886</td>
<td>8,753</td>
<td>-</td>
<td>27,639</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>158,509</td>
<td>39,110</td>
<td>-</td>
<td>197,619</td>
</tr>
<tr>
<td><strong>Capital assets (net)</strong></td>
<td>$ 134,574</td>
<td>(39,110)</td>
<td>-</td>
<td>$ 95,464</td>
</tr>
</tbody>
</table>
Note 6. Other Matter – Water Bank

An event of default (EOD) currently exists separate and apart from the Master Program Trust Account under the terms of the I-Bank’s Series 2005 Indenture (the Indenture) pursuant to which the I-Bank issued its Environmental Infrastructure Revenue Bonds (Bergen County Improvement Authority-EnCap Golf Holdings, LLC Project), Series 2005, specifically with regard to the Bergen County Improvement Authority (BCIA) - EnCap Golf Holdings, LLC (EnCap) project (hereinafter referred to as the NJEIT-BCIA Bonds). Such EOD created a corresponding EOD under the loan agreement among BCIA, the I-Bank and EnCap (NJEIT-BCIA Loan Agreement) pursuant to which the I-Bank loaned the proceeds of the NJEIT-BCIA Bonds to BCIA and thereupon BCIA loaned such proceeds to EnCap for EnCap’s Meadowlands remediation project.

As a precondition of BCIA’s loan application to the I-Bank for funding for the EnCap project and to protect bondholders from any repayment default risk by EnCap, the I-Bank required that EnCap procure a bank Letter of Credit (LOC Provider) in order to fully secure the debt service repayments of principal and interest owed on the NJEIT-BCIA Bonds.

Subsequent to the issuance of the NJEIT-BCIA Bonds, EnCap failed to satisfy various reimbursement obligations to the LOC Provider, which in turn triggered the above referenced EODs under the terms of the Indenture and the corresponding NJEIT-BCIA Loan Agreement. In response to the occurrence of the EOD under the Indenture, the LOC Provider exercised remedies to which it was entitled. On September 28, 2007, the LOC Provider directed a mandatory tender of the NJEIT-BCIA Bonds, which mandatory tender was funded by a draw on the LOC. As a result of the tender, all holders of the publicly issued NJEIT-BCIA Bonds (then outstanding in the principal amount of $88,413,346) were paid in full; the LOC is no longer outstanding; and the LOC Provider became the 100% holder of the NJEIT-BCIA Bonds, which are without recourse to the I-Bank.

In the aftermath of the above referenced EOD’s, EnCap filed bankruptcy pursuant to Chapter 11 under the United States Bankruptcy Code on May 8, 2008. On February 3, 2009, an order dismissing the bankruptcy case was entered by the Bankruptcy Court and a Final Decree indicating that the case had been fully administered was entered on March 30, 2009.

On August 13, 2010, in accordance with the Agreement of Removal, Appointment and Acceptance, by and among The Bank of New York-Mellon (the Prior Trustee), the LOC Provider and American Home Assurance Company (American Home), American Home replaced the Prior Trustee as trustee with respect to the NJEIT-BCIA Bonds pursuant to the Indenture. In addition, in accordance with the Assigned Assets Sale and Assignment Agreement, by and among the LOC Provider and American Home, American Home acquired all of the NJEIT-BCIA Bonds from the LOC Provider. As of the date of this report, American Home continues to hold the NJEIT-BCIA Bonds.

The collateral that secures the NJEIT-BCIA Bonds held by American Home does not secure any of the annual financing programs of the I-Bank. Therefore, the events described above with respect to the NJEIT-BCIA Bonds and EnCap have no impact on any of the annual financing programs of the I-Bank including the principal and interest payments of any of the I-Bank’s outstanding publicly issued bonds relating to such annual financing programs.
Note 7. Commitments and Contingencies

Leases: In November 2012, the I-Bank entered an operating lease for the use of premises at 3131 Princeton Pike, Lawrenceville, New Jersey 08648. The lease was for a five-year term from move in date December 1, 2013 through November 30, 2018, with annual rent of $64,000 and additional amounts for utilities and maintenance. Rental expenditures reported for the years ended June 30, 2018 and 2017 were $122,339 and $114,946, respectively. As of June 30, 2018, the I-Bank has not signed a new lease; the following is a summary of the future minimum rental commitments under the current lease through November 30, 2018:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$51,448</td>
</tr>
</tbody>
</table>

Note 8. Conduit Debt – Water Bank

The I-Bank has issued Environmental Infrastructure Bonds to provide financing for allowable costs of acquiring, constructing, improving or installing wastewater treatment projects for wastewater treatment systems undertaken by local government units in the State and to provide financing for allowable costs of drinking water supply projects for drinking water supply systems undertaken by local government units, nonprofit entities and private entities in the State. The bonds have been classified as conduit debt.

Not included in the accompanying financial statements are these various conduit debt obligations issued under the name of the I-Bank (formerly known as the New Jersey Environmental Infrastructure Trust). Although the conduit debt obligations bear the name of the I-Bank pursuant to the I-Bank Act and the Bond Resolutions, the Bonds are special obligations of the I-Bank and shall not in any way be a debt or liability of the State or of any political subdivision thereof, and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof. The I-Bank has no taxing power, and the State of New Jersey is not liable for the bonds issued through the I-Bank. The revenue bonds are not secured by the I-Bank, only by revenues, including repayment of loans from the underlying borrowers and investments of amounts on deposits with the bond trustee. The principal and redemption premium, if any, and the interest on the Bonds shall be payable from and secured by the pledge (i) of the Series Trust Estate and (ii) by the Master Program Trustee of the moneys and securities on deposit in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. The Borrowers’ principal and interest payment obligations match the principal and interest payment obligations of the I-Bank pursuant to its bonds. The loan repayments of the Borrowers’ are made to a trustee, who is appointed by the I-Bank to service and administer the arrangement.

The bond resolutions generally limit investments to obligations of the U.S. government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in cash management pools that restrict investments to U.S. government securities, money market funds that invest in high-grade AAA-rated securities, and direct and general obligations of any state that meets the minimum requirements of the resolution.

Loans to borrowers in the 2018 program combine proceeds of the bond sale, lent at market rate, with interest free loans from the State, Department of Environmental Protection Clean Water State Revolving Fund and Drinking Water State Revolving Fund. Thus, most public borrowers will pay a composite interest rate on their loans of less than 1.25%.

On November 21, 2017, the I-Bank issued $18,840,000 of Environmental Infrastructure Bonds, Series 2017A-2 (Green Bonds) to capitalize 23 projects and $3,860,000 of Environmental Infrastructure Bonds, Series 2017B-1 (Green Bonds) to capitalize three projects in the 2018 Water Bank Program.
New Jersey Infrastructure Bank  
f/k/a New Jersey Environmental Infrastructure Trust  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 8. Conduit Debt – Water Bank (Continued)

On May 22, 2018, the I-Bank issued $21,105,000 of Environmental Infrastructure Bonds, Series 2018A-1 (Green Bonds) to capitalize 25 projects and $15,100,000 of Environmental Infrastructure Bonds, Series 2018B-1 (Green Bonds) to capitalize 4 projects in the 2018 Water Bank Program.

At June 30, 2018 and 2017, the aggregate principal amount of conduit debt obligations outstanding totaled $1,103,105,027 and $1,138,297,784, respectively, as detailed in the following schedules.

Changes in conduit debt obligations of the Water Bank for the year ended June 30, 2018 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance at June 30, 2017</th>
<th>Issued</th>
<th>Retired</th>
<th>Balance at June 30, 2018</th>
<th>Amount Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 Refunding Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2020, at interest rate of 5.00%</td>
<td>$21,125,000</td>
<td>$ -</td>
<td>$4,905,000</td>
<td>$16,220,000</td>
<td>$5,150,000</td>
</tr>
<tr>
<td>Series B Bonds, uninsured, maturing serially through 2019, at interest rate of 5.00%</td>
<td>10,484,438</td>
<td>-</td>
<td>3,372,757</td>
<td>7,111,681</td>
<td>3,467,962</td>
</tr>
<tr>
<td>Series C Bonds, uninsured</td>
<td>2,240,000</td>
<td>-</td>
<td>2,240,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2007 Refunding Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2021, at interest rates of 5.00% to 5.25%</td>
<td>38,850,000</td>
<td>-</td>
<td>7,040,000</td>
<td>31,810,000</td>
<td>7,385,000</td>
</tr>
<tr>
<td>Series B Bonds, uninsured, maturing serially through 2022, at interest rates of 5.25%</td>
<td>27,220,000</td>
<td>-</td>
<td>3,980,000</td>
<td>23,240,000</td>
<td>4,200,000</td>
</tr>
<tr>
<td>Series C Bonds, uninsured, maturing serially through 2022, at interest rate of 5.00%</td>
<td>38,830,000</td>
<td>-</td>
<td>5,720,000</td>
<td>33,110,000</td>
<td>6,030,000</td>
</tr>
<tr>
<td>2008 Refunding Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2018, at interest rates of 4.50%</td>
<td>5,735,000</td>
<td>-</td>
<td>2,800,000</td>
<td>2,935,000</td>
<td>2,935,000</td>
</tr>
<tr>
<td>Series B Bonds, uninsured, maturing serially through 2028, at interest rates from 5.00% to 5.50%</td>
<td>13,075,000</td>
<td>-</td>
<td>6,370,000</td>
<td>6,705,000</td>
<td>6,705,000</td>
</tr>
<tr>
<td>2009 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2029, at interest rates from 3.50% to 5.00%</td>
<td>7,220,000</td>
<td>-</td>
<td>3,085,000</td>
<td>4,135,000</td>
<td>3,255,000</td>
</tr>
<tr>
<td>Series C Bonds, uninsured, maturing serially through 2029, at interest rates of 4.50%</td>
<td>4,530,000</td>
<td>-</td>
<td>260,000</td>
<td>4,270,000</td>
<td>270,000</td>
</tr>
<tr>
<td>2010 A Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2029, at interest rates from 4.00% to 5.00%</td>
<td>10,240,000</td>
<td>-</td>
<td>4,260,000</td>
<td>5,980,000</td>
<td>5,980,000</td>
</tr>
<tr>
<td>2010 Refunding Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2024, at interest rates from 3.00% to 5.00%</td>
<td>32,125,000</td>
<td>-</td>
<td>3,490,000</td>
<td>28,635,000</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Series B Bonds, uninsured, maturing serially through 2020, at interest rates of 4.00%</td>
<td>800,000</td>
<td>-</td>
<td>230,000</td>
<td>570,000</td>
<td>230,000</td>
</tr>
<tr>
<td>2010 B &amp; C Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series B Bonds, uninsured, maturing serially through 2030, at interest rate of 5.00%</td>
<td>15,630,000</td>
<td>-</td>
<td>4,965,000</td>
<td>10,665,000</td>
<td>5,200,000</td>
</tr>
<tr>
<td>Series C Bonds, uninsured, maturing serially through 2030, at interest rates from 4.00% to 4.375%</td>
<td>6,095,000</td>
<td>-</td>
<td>355,000</td>
<td>5,740,000</td>
<td>365,000</td>
</tr>
</tbody>
</table>
## Note 8. Conduit Debt – Water Bank (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Balance at June 30, 2017</th>
<th>Issued</th>
<th>Retired</th>
<th>Amount Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 Refunding Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2018, at interest rates of 3.00%</td>
<td>$945,000</td>
<td>$ -</td>
<td>$470,000</td>
<td>$475,000</td>
</tr>
<tr>
<td>Series B Bonds, uninsured, maturing serially through 2021, at interest rates from 4.00% to 5.00%</td>
<td>6,685,000</td>
<td>-</td>
<td>1,600,000</td>
<td>5,085,000</td>
</tr>
<tr>
<td>Series C Bonds, uninsured, maturing serially through 2022, at interest rates of 5.00%</td>
<td>6,070,000</td>
<td>-</td>
<td>930,000</td>
<td>5,140,000</td>
</tr>
<tr>
<td>2012 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2031, at interest rates from 3.00% to 5.00%</td>
<td>58,960,000</td>
<td>-</td>
<td>2,805,000</td>
<td>56,155,000</td>
</tr>
<tr>
<td>Series B Bonds, uninsured, maturing serially through 2031, at interest rates from 4.00% to 5.00%</td>
<td>17,430,000</td>
<td>-</td>
<td>825,000</td>
<td>16,605,000</td>
</tr>
<tr>
<td>Series C Bonds, uninsured, maturing serially through 2031, at interest rates from 3.00% to 4.00%</td>
<td>4,135,000</td>
<td>-</td>
<td>220,000</td>
<td>3,915,000</td>
</tr>
<tr>
<td>2012 Refunding Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2026, at interest rates of 4.00%</td>
<td>157,770,000</td>
<td>-</td>
<td>13,800,000</td>
<td>143,970,000</td>
</tr>
<tr>
<td>Series B Bonds, uninsured, maturing serially through 2021, at interest rate of 3.00%</td>
<td>470,000</td>
<td>-</td>
<td>80,000</td>
<td>390,000</td>
</tr>
<tr>
<td>Series C Bonds, uninsured, maturing serially through 2023, at interest rate of 3.00%</td>
<td>6,125,000</td>
<td>-</td>
<td>800,000</td>
<td>5,325,000</td>
</tr>
<tr>
<td>2013 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2032, at interest rates from 3.00% to 5.00%</td>
<td>26,480,000</td>
<td>-</td>
<td>1,220,000</td>
<td>25,260,000</td>
</tr>
<tr>
<td>Series B Bonds, uninsured, maturing serially through 2032, at interest rates from 3.00% to 3.25%</td>
<td>890,000</td>
<td>-</td>
<td>45,000</td>
<td>845,000</td>
</tr>
<tr>
<td>2014 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2033, at interest rates from 3.00% to 5.00%</td>
<td>53,200,000</td>
<td>-</td>
<td>2,645,000</td>
<td>50,555,000</td>
</tr>
<tr>
<td>Series B Bonds, uninsured, maturing serially through 2033, at interest rates from 3.00% to 5.00%</td>
<td>4,755,000</td>
<td>-</td>
<td>210,000</td>
<td>4,545,000</td>
</tr>
<tr>
<td>2015 A-1 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2034, at interest rates from 4.00% to 5.00%</td>
<td>45,180,000</td>
<td>-</td>
<td>1,995,000</td>
<td>43,185,000</td>
</tr>
<tr>
<td>2015 B- Refunding Series (AMT):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series B Bonds, uninsured AMT, maturing serially through 2024, at interest rates from 4.00% to 5.00%</td>
<td>7,270,000</td>
<td>-</td>
<td>515,000</td>
<td>6,755,000</td>
</tr>
<tr>
<td>Series B Bonds, uninsured AMT, maturing serially through 2025, at interest rates from 4.00% to 5.00%</td>
<td>1,660,000</td>
<td>-</td>
<td>15,000</td>
<td>1,645,000</td>
</tr>
<tr>
<td>2015 A-2 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2035, at interest rates from 3.00% to 5.00%</td>
<td>9,555,000</td>
<td>-</td>
<td>355,000</td>
<td>9,200,000</td>
</tr>
<tr>
<td>2015 A-R1 Refunding Series (AMT):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured AMT, maturing serially through 2027, at interest rate of 5.00%</td>
<td>106,945,000</td>
<td>-</td>
<td>10,460,000</td>
<td>96,485,000</td>
</tr>
</tbody>
</table>

35
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 8. Conduit Debt – Water Bank (Continued)

<table>
<thead>
<tr>
<th>Bond Series</th>
<th>Balance at June 30, 2017</th>
<th>Issued</th>
<th>Retired</th>
<th>Amount Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015B-R2 Refunding Series (AMT):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series B Bonds, uninsured AMT, maturing serially through 2026, at interest rates from 4.00% to 5.00%</td>
<td>$12,300,000</td>
<td>-</td>
<td>$995,000</td>
<td>$11,305,000</td>
</tr>
<tr>
<td>2016 A-1 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2045, at interest rates from 2.00% to 5.00%</td>
<td>23,925,000</td>
<td>-</td>
<td>795,000</td>
<td>23,130,000</td>
</tr>
<tr>
<td>2016 A-R1 Refunding Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2028, at interest rates from 4.50% to 5.00%</td>
<td>56,160,000</td>
<td>-</td>
<td>-</td>
<td>56,160,000</td>
</tr>
<tr>
<td>2016 A-R2 Refunding Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2030, at interest rates from 4.50% to 5.00%</td>
<td>63,610,000</td>
<td>-</td>
<td>245,000</td>
<td>63,365,000</td>
</tr>
<tr>
<td>2016 A-2 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2046, at interest rates from 4.00% to 5.00%</td>
<td>7,200,000</td>
<td>-</td>
<td>-</td>
<td>7,200,000</td>
</tr>
<tr>
<td>2017 A-1 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2046, at interest rates from 3.00% to 5.00%</td>
<td>31,610,000</td>
<td>-</td>
<td>-</td>
<td>31,610,000</td>
</tr>
<tr>
<td>2017 A-2 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2047, at interest rates from 2.13% to 5.00%</td>
<td>-</td>
<td>18,840,000</td>
<td>-</td>
<td>18,840,000</td>
</tr>
<tr>
<td>2017 A-R1 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2029, at interest rate of 4.00%</td>
<td>33,525,000</td>
<td>-</td>
<td>-</td>
<td>33,525,000</td>
</tr>
<tr>
<td>2017 A-R2 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2029, at interest rate of 4.00%</td>
<td>72,830,000</td>
<td>-</td>
<td>-</td>
<td>72,830,000</td>
</tr>
<tr>
<td>2017 B-1 Series (AMT):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series B Bonds, uninsured AMT, maturing serially through 2047 at interest rate from 3.13% to 5.00%</td>
<td>-</td>
<td>3,860,000</td>
<td>-</td>
<td>3,860,000</td>
</tr>
<tr>
<td>2018 A-1 Series:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A Bonds, uninsured, maturing serially through 2047 at interest rate from 3.00% to 5.00%</td>
<td>-</td>
<td>21,105,000</td>
<td>-</td>
<td>21,105,000</td>
</tr>
<tr>
<td>2018 B-1 Series (AMT):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series B Bonds, uninsured AMT, maturing serially through 2047 at interest rate from 3.00% to 5.00%</td>
<td>-</td>
<td>15,100,000</td>
<td>-</td>
<td>15,100,000</td>
</tr>
<tr>
<td>Total of bonds payable covered by Master Program Trust Account</td>
<td>1,049,884,438</td>
<td>58,905,000</td>
<td>94,097,757</td>
<td>1,014,691,681</td>
</tr>
<tr>
<td>2005 BCIA/ENCAP Golf Holdings:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variable rate bond series maturing through 2025, with weekly interest rate calculations</td>
<td>88,413,346</td>
<td>-</td>
<td>-</td>
<td>88,413,346</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>$1,138,297,784</td>
<td>$58,905,000</td>
<td>$94,097,757</td>
<td>$1,103,105,027</td>
</tr>
</tbody>
</table>
Note 8. Conduit Debt – Water Bank (Continued)

Annual debt service requirements to maturity for conduit debt obligations are as follows:

<table>
<thead>
<tr>
<th>Years ending June 30:</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$98,227,962</td>
<td>$41,619,323</td>
<td>$139,847,285</td>
</tr>
<tr>
<td>2020</td>
<td>99,188,717</td>
<td>37,026,898</td>
<td>136,215,615</td>
</tr>
<tr>
<td>2021</td>
<td>94,630,000</td>
<td>32,450,429</td>
<td>127,080,429</td>
</tr>
<tr>
<td>2022</td>
<td>91,299,999</td>
<td>28,111,191</td>
<td>119,411,190</td>
</tr>
<tr>
<td>2023</td>
<td>84,215,003</td>
<td>24,078,870</td>
<td>108,293,873</td>
</tr>
<tr>
<td>2024 through 2028</td>
<td>429,763,346</td>
<td>70,060,391</td>
<td>499,823,737</td>
</tr>
<tr>
<td>2029 through 2033</td>
<td>143,545,000</td>
<td>20,783,610</td>
<td>164,328,610</td>
</tr>
<tr>
<td>2034 through 2038</td>
<td>38,410,000</td>
<td>6,711,519</td>
<td>45,121,519</td>
</tr>
<tr>
<td>2039 through 2043</td>
<td>11,905,000</td>
<td>3,252,457</td>
<td>15,157,457</td>
</tr>
<tr>
<td>2044 through 2048</td>
<td>11,915,000</td>
<td>1,025,240</td>
<td>12,940,240</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,103,105,027</strong></td>
<td><strong>$265,119,928</strong></td>
<td><strong>$1,368,224,955</strong></td>
</tr>
</tbody>
</table>
Note 8. Conduit Debt – Water Bank (Continued)

Advance refunding: When conditions have warranted, the I-Bank has sold various series of bonds to provide for the refunding of previously issued obligations. The proceeds received from the respective sales of the bonds were used to redeem the applicable outstanding bonds and, at times, to deposit in an irrevocable escrow fund held by an escrow agent, an amount that, when combined with interest earnings thereon, will equal no less than the sum of the outstanding principal amount of the bonds, the interest to accrue thereon and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date.

These transactions defeased the outstanding bond issuances with a resulting reduction in annual debt service during the remaining term of the issuances. The principal and interest savings are passed along to each applicable borrower in the form of a credit against the original debt service of the borrower.

Defeased bonds outstanding at June 30, 2018, are comprised of the following:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Principal Amount Outstanding June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Refundings</strong></td>
<td></td>
</tr>
<tr>
<td>2016A-R1/2008 Series A</td>
<td>$ 62,690,000</td>
</tr>
<tr>
<td>2016A-R2/2010 Series B</td>
<td>71,975,000</td>
</tr>
<tr>
<td>2017A-R1/2009 Series A</td>
<td>35,425,000</td>
</tr>
<tr>
<td>2017A-R2/2010 Series A</td>
<td>77,720,000</td>
</tr>
<tr>
<td><strong>Total refundings</strong></td>
<td><strong>$ 247,810,000</strong></td>
</tr>
<tr>
<td><strong>Individual borrower defeasances:</strong></td>
<td></td>
</tr>
<tr>
<td>1999 Series A</td>
<td>$ 793,321</td>
</tr>
<tr>
<td>2000 Series A</td>
<td>200,000</td>
</tr>
<tr>
<td>2000 Series B</td>
<td>1,085,000</td>
</tr>
<tr>
<td>2002 Series A</td>
<td>1,820,000</td>
</tr>
<tr>
<td>2006 Series A</td>
<td>75,000</td>
</tr>
<tr>
<td>2007 Series A</td>
<td>1,175,000</td>
</tr>
<tr>
<td>2008 Series A</td>
<td>17,185,000</td>
</tr>
<tr>
<td>2009 Series A</td>
<td>3,785,000</td>
</tr>
<tr>
<td>2010 Series A</td>
<td>8,045,000</td>
</tr>
<tr>
<td>2010 Series B</td>
<td>9,430,000</td>
</tr>
<tr>
<td>2010 Series C</td>
<td>340,000</td>
</tr>
<tr>
<td>2012 Series A</td>
<td>265,000</td>
</tr>
<tr>
<td>2013 Series A</td>
<td>355,000</td>
</tr>
<tr>
<td>2014 Series A</td>
<td>475,000</td>
</tr>
<tr>
<td>2014 Series B</td>
<td>335,000</td>
</tr>
<tr>
<td>2015 Series A-1</td>
<td>305,000</td>
</tr>
<tr>
<td><strong>Total defeasances</strong></td>
<td><strong>$ 45,668,321</strong></td>
</tr>
</tbody>
</table>
New Jersey Infrastructure Bank  
f/k/a New Jersey Environmental Infrastructure Bank  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 8. Conduit Debt – Water Bank (Continued)

Reserve for arbitrage rebate: The Tax Reform Act of 1986 placed restrictions on the investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings, which are above the arbitrage bond yield, are required to be rebated to the United States Treasury Department within 60 days of the end of every fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity’s year-end.

The I-Bank has various issues of bonds, which are subject to rebate calculations performed as provided in the preceding paragraph. Rebate payments that are determined to be payable shall be made at the conclusion of every fifth bond year. The I-Bank prepares annual rebate calculations for purposes of determining any contingent liability for rebate. As of June 30, 2018, it was determined there was no rebate due as a result of these calculations. The amount of contingent liability for rebate may change as a result of future events.

Loans receivable from borrowers of conduit debt: The I-Bank provides loans to Borrowers to finance allowable costs of clean water and safe drinking water projects. The various I-Bank loans are grouped into pools and funded with the proceeds of I-Bank bonds or other obligations, which are considered conduit debt. Loan repayments are required at such times and in such amounts as will pay the debt service on the bonds as it becomes due. These loans, most of which are secured by the full faith and credit of a local governmental unit, are repayable in most cases over a period of 20 years, with some loans maturing over a shorter or longer period, and with coupon rates of 2.0% to 5.5% per annum.

Each borrower issues to the I-Bank a bond, note or other obligation in a principal amount equal to the principal amount of the loan in favor of the I-Bank which secures the borrowers repayment obligation. The I-Bank then assigns these obligations to the trustee. These obligations bear interest at the same rates and are callable at the same times and prices, as the corresponding I-Bank bonds, net of refunding costs. All principal and interest savings from the refunding of I-Bank Bonds are passed along to each applicable borrower in the form of a credit against the original debt service of the borrower. As these loans relate to the conduit debt, they are not reported on the statement of net position for the Water Bank.

Stewardship, compliance and accountability:

Compliance with finance related legal and contractual provisions: The I-Bank is subject to the provisions and restrictions of the Bond Resolution or Supplemental Bond Resolution (the Resolutions) adopted for each conduit debt bond issue.

Management reviews compliance issues continually, and reports to the Audit Committee of the Board quarterly to review its compliance-related performance during the period as well as to provide notice to the Committee of the upcoming compliance schedule. Management of the I-Bank is unaware of any material violations of finance related legal and contractual provisions and has no knowledge of any default in the fulfillment of any of the terms, covenants or provisions of the bond resolutions, unless otherwise described herein. The Auditors compliance statement filed with the Trustee for SFY 17 was not in strict accordance with Section 8.04 of the resolutions. The Trustee indicated that whether delivery of a compliance statement containing language that is not identical to that set out in Section 8.04 of the Resolutions constitutes a breach of the resolutions has not been determined. Unless directed and indemnified pursuant to the resolutions, the Trustee does not intend to pursue further determinations or take remedial action in this matter regarding any related potential resolutions breach. Therefore, while management is aware of this, management does not believe this to be a material violation.
Note 8. Conduit Debt – Water Bank (Continued)

Debt service reserve requirement: Pursuant to the various Bond Resolutions and Supplemental Bond Resolutions for bonds issued and accounted for as conduit debt, certain invested reserves are required to be maintained with the Trustee in a designated Debt Service Reserve Fund. This requirement is intended to fund potential deficiencies in principal and interest required to be paid in succeeding years. As of the September 1, 2017, calculation date, the cumulative debt service reserve requirement, as adjusted for refundings and defeasances was $62,680,016. As of June 30, 2018, each Series Debt Service Reserve Account was in compliance with the debt service reserve requirements in accordance with the respective bond resolutions and supplemental bond resolutions. The balances are not recorded in these financial statements. The balance as of June 30, 2018 and 2017, in all of the debt service reserve fund accounts was $74,936,888 and $79,376,166, respectively.

Statement of funds and accounts held by the Trustee: Pursuant to the various bond resolutions and supplemental bond resolutions for bonds issued and accounted for as conduit debt, a Trustee is appointed to maintain all funds and accounts. The balances are not recorded in these financial statements. As of June 30, 2018 and 2017, the total cash and investments balance for conduit debt was $118,028,705 and $135,846,909, respectively.

Statement of revenue, administrative fees and state administrative fees: Pursuant to the various bond resolutions and supplemental bond resolutions for bonds issued and accounted for as conduit debt, the I-Bank is required to report the revenues, administrative fees and state administrative fees collected from all borrowers. The revenues include principal and interest payments made by borrowers. The balances are not recorded in these financial statements. For the fiscal year ended June 30, 2018, the total revenues, administrative fees and state administrative fees collected for conduit debt was $282,647,943 and $284,124,180, respectively.

Note 9. Subsequent Events

Management has evaluated subsequent events and transactions that occurred after the statement of net position date, but before October 11, 2018, the date the financial statements were available to be issued. The following items were determined by management to require disclosure in the financial statements:

On July 1, 2018, the budget for the State was signed into law, which appropriated $22.6 million, dedicated to the State Transportation Infrastructure Bank Fund for use by the I-Bank in SFY2019 for financing transportation infrastructure projects via the Transportation Infrastructure Financing Program (TIFP) once the TIFP becomes operative. The $22.6 million was received on September 24, 2018.

On August 10, 2018, the Trust and NJ DEP appropriation bills were signed into law. This authorized the expenditure of approximately $810 million for the purpose of financing the cost of construction of environmental infrastructure projects of eligible project sponsors. Additionally, this allowed for appropriations for the short-term loans not to exceed $600 million.

Subsequent to year-end, the Trust has closed a total of ten short-term loans totaling $64,758,922.
Master program trust agreement: The New Jersey Environmental Infrastructure Financing Program adopted the Master Program Trust Agreement in 1995. Under the agreement, repayments of NJ DEP loans are deposited with US Bank and held in the Master Program Trust Account to provide coverage for all outstanding I-Bank Loans. The funds are held for a period of two semi-annual bond payments plus one day, after which time the funds are transferred to the SRF repayment fund at the State. The balance in the Master Program Trust Account as of June 30, 2018 and 2017, was $33,675,128 and $33,354,280, respectively. This balance is not an asset of the I-Bank and therefore is not reflected in the I-Bank's financial statements; however, it is available to pay debt service on the I-Bank Bonds in the event of a default by any program Borrowers.

<table>
<thead>
<tr>
<th>Years ending June 30:</th>
<th>Aggregate of Repayments:</th>
<th>Aggregate of Repayments:</th>
<th>Aggregate of Repayments:</th>
<th>Total Funds Available to Secure and Provide Coverage for all Loan Receiving Trust Repayments:</th>
<th>Total Debt Service for all Loan Receiving Trust Financing Programs:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal¹</td>
<td>Interest¹</td>
<td>Loan Repayments²,³</td>
<td>Coverage Providing Fund Repayments²,³</td>
<td>Debt Service¹,³</td>
</tr>
<tr>
<td>2019 $98,227,962 $41,619,323</td>
<td>$150,178,155</td>
<td>$290,025,440</td>
<td>$139,847,285</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020 99,188,717 37,026,898</td>
<td>145,795,087</td>
<td>282,010,702</td>
<td>136,215,615</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021 94,630,000 32,450,429</td>
<td>139,281,374</td>
<td>266,361,803</td>
<td>127,080,429</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022 91,299,999 28,111,191</td>
<td>134,091,988</td>
<td>253,503,178</td>
<td>119,411,190</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023 84,215,003 24,078,870</td>
<td>125,429,728</td>
<td>233,723,601</td>
<td>108,293,873</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024 79,400,000 20,390,048</td>
<td>118,595,014</td>
<td>218,385,062</td>
<td>99,790,048</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025 76,880,000 16,925,497</td>
<td>112,124,974</td>
<td>205,930,471</td>
<td>93,805,497</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2026 69,790,000 13,683,344</td>
<td>101,944,873</td>
<td>185,418,217</td>
<td>83,473,344</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2027 63,205,000 10,753,212</td>
<td>89,977,317</td>
<td>163,935,529</td>
<td>73,958,212</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2028 52,075,000 8,308,290</td>
<td>76,323,656</td>
<td>136,706,946</td>
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<tr>
<td>2029 41,875,000 24,078,870</td>
<td>52,395,281</td>
<td>94,389,815</td>
<td>48,376,356</td>
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<tr>
<td>2030 36,990,000 20,390,048</td>
<td>43,138,417</td>
<td>73,797,733</td>
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<td>2031 27,950,000 16,925,497</td>
<td>36,500,498</td>
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<tr>
<td>2032 22,265,000 13,683,344</td>
<td>28,606,456</td>
<td>46,644,697</td>
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<td>2033 15,620,000 10,753,212</td>
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<tr>
<td>2034 13,500,000 8,308,290</td>
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<tr>
<td>2035 9,740,000 5,004,534</td>
<td>17,077,032</td>
<td>38,354,563</td>
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<td>2036 6,775,000 3,864,316</td>
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<tr>
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<tr>
<td>2038 3,555,000 919,216</td>
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<td>11,151,956</td>
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<td>2039 2,245,000 819,150</td>
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<td>7,972,177</td>
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<td>7,987,721</td>
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<td>7,854,131</td>
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<td>4,502,476</td>
<td>7,373,782</td>
<td>2,871,306</td>
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<td>2044 2,470,000 388,094</td>
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<td>7,357,037</td>
<td>2,858,094</td>
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<td>2045 2,560,000 296,734</td>
<td>4,492,406</td>
<td>7,349,140</td>
<td>2,856,734</td>
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<td></td>
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<tr>
<td>2046 2,645,000 202,181</td>
<td>4,388,800</td>
<td>7,235,981</td>
<td>2,847,181</td>
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<td></td>
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<tr>
<td>2047 2,575,000 108,084</td>
<td>3,713,617</td>
<td>6,396,701</td>
<td>2,683,084</td>
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<tr>
<td>2048 1,665,000 30,147</td>
<td>1,847,002</td>
<td>3,542,149</td>
<td>1,695,147</td>
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<td>Total⁴</td>
<td>$1,014,691,681</td>
<td>$265,119,928</td>
<td>$1,279,811,609</td>
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</table>

1 Reflects the application to Trust Bond debt service of reductions in the aggregate principal amount of Trust Bonds Outstanding as a result of the partial defeasance of certain Trust Bonds.
2 Fund Loan repayment obligations do not bear interest.
3 The Fund Loan repayments with respect to Principal Forgiveness Fund Loans, as such repayments are set forth herein, assume and reflect the successful application of principal forgiveness.
4 Totals may not add due to rounding.
Board of Directors
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of each major enterprise fund of New Jersey Infrastructure Bank (the I-Bank) f/k/a New Jersey Environmental Infrastructure Trust, a component unit of the State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the I-Bank’s basic financial statements, and have issued our report thereon dated October 11, 2018.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the I-Bank’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the I-Bank’s internal control. Accordingly, we do not express an opinion on the effectiveness of the I-Bank’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the I-Bank’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters
As part of obtaining reasonable assurance about whether the I-Bank’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP
New York, New York
October 11, 2018
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<table>
<thead>
<tr>
<th>General Obligation Series 2018A-2 Borrowers</th>
<th>Project Description</th>
<th>I-Bank Loan*</th>
<th>Fund Loan*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bordentown, City of (0303001-008)</strong></td>
<td>The City will replace HVAC dehumidification units and perform electrical system upgrades at its water treatment plant. All construction activities shall take place inside the existing filtration building.</td>
<td>$170,000</td>
<td>1.01%</td>
</tr>
<tr>
<td><strong>Burlington, City of (S340140-01)</strong></td>
<td>The City will replace and upgrade stormwater pumps at its wastewater treatment facility, including one 60-horsepower stormwater pump and one 100-horsepower stormwater pump, with two 150-horsepower pumps. The pumps will be elevated from 5.06 feet to 15.0 feet above grade, which is above the 500-year flood elevation. The existing sump pit will remain. The upgrades are required to mitigate potential water damage and increase the stormwater flow capacity of the City’s stormwater pump discharge system.</td>
<td>$275,000</td>
<td>1.63%</td>
</tr>
<tr>
<td><strong>Newark, City of (1), (3) (S340815-22)</strong></td>
<td>The City will construct improvements to its Queen Ditch drainage facility to include (i) the installation of approximately 400 linear feet of 60-inch high by 108-inch wide precast concrete box culvert, (ii) the construction of a 46-foot wide by 21-foot long by 16-foot high in-line floatables collection system, (iii) the construction of a 50-foot wide by 1 foot long by 24-foot high headwall with a tide gate, (iv) the construction of a 25-foot wide by 45-foot long by 1.5-foot high stone scour pad, (v) modifications to the existing Queen Ditch Diversion Structure, (vi) the dredging and excavation of approximately 3,710 cubic yards (6 feet) of sediment within approximately 400 linear feet of the existing Queen Ditch to its original depth, (vii) the replacement of existing chain-link fence (530 linear feet), and (viii) the installation of piping and other project related construction work.</td>
<td>$1,345,000</td>
<td>7.99%</td>
</tr>
<tr>
<td>General Obligation Series 2018A-2 Borrowers</td>
<td>Project Description</td>
<td>I-Bank Loan*</td>
<td>Fund Loan*</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------</td>
<td>------------</td>
</tr>
<tr>
<td>Pennington, Borough of (1108001-002)</td>
<td>The Borough shall replace the existing 4-inch and 6-inch water mains located along East Curlis Avenue and Weidel Drive with 1,765 linear feet of new 8&quot; DIP water mains. The current water mains are approaching their anticipated useful life, and the replacement is necessary to avoid future water main failures.</td>
<td>$210,000</td>
<td>$215,565</td>
</tr>
<tr>
<td>Red Bank, Borough of (1340001-002)</td>
<td>The Borough shall construct a new emergency backup well for its existing Well No. 4A. Other improvements include painting and coating of the existing welded steel in the clarifier, cleaning and repairing of the aerator and piping leading to the aerator unit, and various upgrades to the existing SCADA system at both the Chestnut Street and Tower Hill water treatment plant facilities.</td>
<td>$430,000</td>
<td>$1,299,360</td>
</tr>
<tr>
<td>Total (4)</td>
<td></td>
<td><strong>$2,430,000</strong></td>
<td><strong>$4,803,597</strong></td>
</tr>
</tbody>
</table>

Notes for the General Obligation Series 2018A-2 Borrowers:

1. The Series 2018A-2 Fund Loan of this General Obligation Series 2018A-2 Borrower will finance a Series 2018A-2 (SFY2019) Financing Program Combined Sewer Overflow Fund Loan; therefore, such Series 2018A-2 Fund Loan qualifies as a Principal Forgiveness Fund Loan. The amount of the Series 2018A-2 Fund Loan for this General Obligation Series 2018A-2 Borrower, as set forth herein, reflects the principal amount of such Series 2018A-2 Fund Loan to be repaid by such General Obligation Series 2018A-2 Borrower subsequent to the application of principal forgiveness on November 29, 2018, as described under the heading “FINANCING THE PROJECTS - Fund Loans Pursuant to the Water Bank Program” in the body of this Preliminary Official Statement. Such principal forgiveness consists of an amount equal to 44.5% of the initial principal amount of the Project funding that is provided through the Series 2018A-2 (SFY2019) Financing Program for such General Obligation Series 2018A-2 Borrower.

2. The Series 2018A-2 Fund Loan of this General Obligation Series 2018A-2 Borrower will finance a Series 2018A-2 (SFY2019) Financing Program Nano Program Fund Loan; therefore, such Series 2018A-2 Fund Loan qualifies as a Principal Forgiveness Fund Loan. The amount of the Series 2018A-2 Fund Loan for this General Obligation Series 2018A-2 Borrower, as set forth herein, reflects the principal amount of such Series 2018A-2 Fund Loan to be repaid by such General Obligation Series 2018A-2 Borrower subsequent to the application of principal forgiveness on November 29, 2018, all as described under the heading “FINANCING THE PROJECTS - Fund Loans Pursuant to the Water Bank Program” in the body of this Preliminary Official Statement. Such principal forgiveness consists of an amount equal to approximately 50% of the initial principal amount of the Project funding that is provided through the Series 2018A-2 (SFY2019) Financing Program for such General Obligation Series 2018A-2 Borrower.

3. The Borrower Bonds issued by this General Obligation Series 2018A-2 Borrower to, respectively, the I-Bank and State are additionally secured pursuant to the provisions of the Municipal Qualified Bond Act. See Appendix G hereto for a description of the Municipal Qualified Bond Act.

4. Totals may not add due to rounding.

* Preliminary, subject to change upon the final pricing of the Series 2018A-2 Bonds in accordance with the terms of the Notice of Sale.
### Special Obligation Series 2018A-2 Borrowers

<table>
<thead>
<tr>
<th>Special Obligation Series 2018A-2 Borrowers</th>
<th>Project Description</th>
<th>I-Bank Loan*</th>
<th>Fund Loan*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cinnaminson Sewerage Authority <em>(2) (S340170-08)</em></td>
<td>The Authority will install sanitary sewer service to 23 existing, developed properties (including 10 single-family dwellings) on Taylors Lane and Surrey Lane within the Township of Cinnaminson, Burlington County. The properties currently are served by individual subsurface disposal systems, several of which are in excess of 20 years old. The project will include construction of a sewage collection system to consist of 1,350 linear feet of 8-inch diameter polyvinyl chloride pipe and 550 linear feet of 8-inch diameter ductile iron pipe, pavement restoration and related improvements.</td>
<td>$185,000 1.10%</td>
<td>$558,077 1.20%</td>
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<tr>
<td>Gloucester County Utilities Authority *(3), <em>(5) (S340902-14)</em></td>
<td>The Authority will make several improvements to its wastewater treatment plant to include: (i) the site, foundation and structural construction of a new anaerobic digester; (ii) the fabrication, construction, inspection and commission of an egg-shaped digester and on-site digested sludge storage tank; (iii) the integration of the newly installed anaerobic digestion system into the Authority’s bio-solids handling process; (iv) the replacement of the Authority’s existing grit removal system; (v) renovations to Final Clarifiers No. 1 &amp; No. 4 at the Authority’s Water Reclamation Facility located in West Deptford Township, Gloucester County; and (vi) upgrades to the Authority’s aeration system blowers.</td>
<td>$10,400,000 61.79%</td>
<td>$30,895,478 66.60%</td>
</tr>
<tr>
<td>Special Obligation Series 2018A-2 Borrowers</td>
<td>Project Description</td>
<td>I-Bank Loan*</td>
<td>Fund Loan*</td>
</tr>
<tr>
<td>------------------------------------------</td>
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</tr>
<tr>
<td>Jersey City Municipal Utilities Authority (1), (2) (S340928-19 and 22)</td>
<td>The Authority shall construct improvements to its East Side and West Side pump stations, including the installation of emergency generators, connection of the generators to electrical systems and associated foundation and site work. The Authority also will install improvements at 128 Merseles Street, Jersey City, Hudson County, at the Authority’s administration building, and Jersey City Public School No. 5, and along New Jersey State Route 440, to include: (i) the replacement of deteriorating sidewalk with pervious surfaces that will recharge groundwater; (ii) the redirection of two existing downspouts into six pre-cast downspout planter boxes, equipped with perforated underdrains; (iii) the removal of portions of parking lot surfacing and replacement with permeable surfaces that promote groundwater recharge; and (iv) the installation of five rain gardens.</td>
<td>$1,615,000</td>
<td>9.60%</td>
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<tr>
<td>Jersey City Municipal Utilities Authority (1), (2)</td>
<td></td>
<td>$3,557,268</td>
<td>7.67%</td>
</tr>
<tr>
<td>Mantua Township Municipal Utilities Authority (2), (3) (0810004-002 and 003)</td>
<td>The Authority will construct several improvements at its Cape May and Bergen Avenues site in Mantua Township, Gloucester County, including the decommissioning of existing Well No. 2, and the construction and installation of a new well (Well No. 2A), well screen and turbine pump, chlorine contact tank, emergency generator with associated wiring and piping, upgraded SCADA System, site grading, paving and fence installation. The Authority also will construct improvements at its facility on Candlewood Drive in Mantua Township, including the restoration of the water storage tank, installation of electrical improvements, replacement of the booster pump and ancillary electrical upgrades.</td>
<td>$670,000</td>
<td>3.98%</td>
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<tr>
<td>Mantua Township Municipal Utilities Authority</td>
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<td>$2,024,329</td>
<td>4.36%</td>
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<tr>
<td>Special Obligation Series 2018A-2 Borrowers</td>
<td>Project Description</td>
<td>I-Bank Loan*</td>
<td>Fund Loan*</td>
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<td>-------------------------------------------</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>North Hudson Sewerage Authority (2) (S340952-28)</td>
<td>The Authority shall rehabilitate various interior sections of deteriorated piping. Rehabilitation will include blockage removal and the lining of various sections of combined and sanitary sewers, as well as spot repairs. The project also will entail the cleaning and inspection of approximately 12,300 linear feet of existing sewer pipe and CIPP lining of approximately 5,500 linear feet of existing 12-inch to 48-inch sewer pipe.</td>
<td>$305,000</td>
<td>1.81%</td>
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<tr>
<td>Northwest Bergen County Utilities Authority (2) (S340700-13)</td>
<td>The Authority will be constructing improvements at its wastewater treatment plant located on the northern bank of the Ho-Ho-Kus Brook, within Waldwick Borough, Bergen County, to include: (i) replacement of two existing aeration system blowers with two new energy efficient units; (ii) installation of a main control panel for logic control of the entire aeration system; (iii) repair of the existing air distribution piping in the aeration tanks; (iv) demolition of four waste activated sludge (WAS) pumps and three concrete pads; (v) installation of two new energy efficient WAS pumps with variable frequency drives; and (vi) replacement of all associated piping to connect into the existing pipe headers.</td>
<td>$565,000</td>
<td>3.36%</td>
</tr>
<tr>
<td>Passaic Valley Sewerage Commissioners (4) (S340689-34)</td>
<td>The Commissioners will construct improvements to increase its system’s wet weather treatment capacity to reduce the volume of CSO discharges. The project will entail the purchase and installation of new pumps, valves, piping, flow meters and process control sampling and monitoring equipment, as well as the provision of electrical improvements necessary to accommodate the new pumps.</td>
<td>$230,000</td>
<td>1.37%</td>
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<tr>
<td>Special Obligation Series 2018A-2 Borrowers</td>
<td>Project Description</td>
<td>I-Bank Loan*</td>
<td>Fund Loan*</td>
</tr>
<tr>
<td>-------------------------------------------</td>
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<tr>
<td>Rockaway Valley Regional Sewerage Authority (S340821-09)</td>
<td>The Authority will replace approximately 60 linear feet of collapsed 54-inch RCP gravity interceptor at the Santa Land Park located off of West Main Street in the Town of Boonton, Morris County. The Authority also will (i) relocate the 8-inch and 12-inch water mains to accommodate the repair of the collapsed interceptor, (ii) install and test a bypass pumping system, (iii) install an odor containment and control system at manholes B-11 and B-12, (iv) clean, videotape and line (CIPP) approximately 750 linear feet of 54-inch RCP interceptor, and (v) replace paved walkways and pavement at the project site.</td>
<td>$430,000</td>
<td>2.55%</td>
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<tr>
<td><strong>Total (6)</strong></td>
<td><strong>$14,400,000</strong></td>
<td><strong>85.56%</strong></td>
<td><strong>$41,584,355</strong></td>
</tr>
</tbody>
</table>

Notes for the Special Obligation Series 2018A-2 Borrowers:

1. The Series 2018A-2 Fund Loan of this Special Obligation Series 2018A-2 Borrower will finance a Series 2018A-2 (SFY2019) Financing Program Fund Loan that consists of both a Sandy Fund Loan and a Combined Sewer Overflow Fund Loan; therefore, such Series 2018A-2 Fund Loan qualifies as a Principal Forgiveness Fund Loan. The amount of the Series 2018A-2 Fund Loan for this Special Obligation Series 2018A-2 Borrower, as set forth herein, reflects the principal amount of such Series 2018A-2 Fund Loan to be repaid by such Special Obligation Series 2018A-2 Borrower subsequent to the application of principal forgiveness on November 29, 2018, as described under the heading “FINANCING THE PROJECTS - Fund Loans Pursuant to the Water Bank Program” in the body of this Preliminary Official Statement. Such principal forgiveness consists of an aggregated amount equal to 21% of the initial principal amount of the Project funding that is provided through the Series 2018A-2 (SFY2018) Financing Program for such Special Obligation Series 2018A-2 Borrower.

2. The Loan repayment obligations of these Special Obligation Series 2018A-2 Borrowers are secured by a full faith and credit general obligation pledge provided for in such Borrowers’ respective Series 2018A-2 Borrower Service Agreement.

3. The Borrower Bonds issued by these Special Obligation Series 2018A-2 Borrowers to the I-Bank and State are additionally secured by such Borrowers’ respective Series 2018A-2 Borrower Debt Service Reserve Fund.

4. The Loan repayment obligations of this Special Obligation Series 2018A-2 Borrower are secured by a full faith and credit general obligation pledge provided by law.

5. The Borrower Bonds issued by this Special Obligation Series 2018A-2 Borrower to the I-Bank and State are additionally secured by a full faith and credit general obligation pledge by the County of Gloucester, provided for in such Borrower’s Series 2018A-2 Government Borrower Guaranty.

6. Totals may not add due to rounding.

* Preliminary, subject to change upon the final pricing of the Series 2018A-2 Bonds in accordance with the terms of the Notice of Sale.
APPENDIX C

AGGREGATE SERIES 2018A-2 LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR SERIES 2018A-2 BONDS
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### APPENDIX C

**AGGREGATE SERIES 2018A-2 LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR SERIES 2018A-2 BONDS**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>Principal + Interest</td>
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<tr>
<td>2019</td>
<td>0 + 516,375</td>
<td>1,160,613</td>
<td>1,676,988</td>
<td>516,375</td>
<td>3.25 x</td>
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<tr>
<td>2020</td>
<td>375,000 + 683,438</td>
<td>1,740,919</td>
<td>2,799,356</td>
<td>1,058,438</td>
<td>2.64 x</td>
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<tr>
<td>2021</td>
<td>385,000 + 664,688</td>
<td>1,740,919</td>
<td>2,790,606</td>
<td>1,049,688</td>
<td>2.66 x</td>
</tr>
<tr>
<td>2022</td>
<td>395,000 + 645,438</td>
<td>1,740,919</td>
<td>2,781,356</td>
<td>1,040,438</td>
<td>2.67 x</td>
</tr>
<tr>
<td>2023</td>
<td>420,000 + 625,688</td>
<td>1,740,919</td>
<td>2,786,606</td>
<td>1,045,688</td>
<td>2.66 x</td>
</tr>
<tr>
<td>2024</td>
<td>450,000 + 604,688</td>
<td>1,740,919</td>
<td>2,795,606</td>
<td>1,054,688</td>
<td>2.65 x</td>
</tr>
<tr>
<td>2025</td>
<td>470,000 + 582,188</td>
<td>1,740,919</td>
<td>2,793,106</td>
<td>1,052,188</td>
<td>2.65 x</td>
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<tr>
<td>2026</td>
<td>485,000 + 558,688</td>
<td>1,740,919</td>
<td>2,784,606</td>
<td>1,043,688</td>
<td>2.67 x</td>
</tr>
<tr>
<td>2027</td>
<td>515,000 + 534,438</td>
<td>1,740,919</td>
<td>2,790,356</td>
<td>1,049,438</td>
<td>2.66 x</td>
</tr>
<tr>
<td>2028</td>
<td>535,000 + 508,688</td>
<td>1,740,919</td>
<td>2,784,606</td>
<td>1,043,688</td>
<td>2.67 x</td>
</tr>
<tr>
<td>2029</td>
<td>570,000 + 481,938</td>
<td>1,740,919</td>
<td>2,792,856</td>
<td>1,051,938</td>
<td>2.65 x</td>
</tr>
<tr>
<td>2030</td>
<td>585,000 + 463,413</td>
<td>1,740,919</td>
<td>2,789,331</td>
<td>1,048,413</td>
<td>2.66 x</td>
</tr>
<tr>
<td>2031</td>
<td>610,000 + 444,400</td>
<td>1,740,919</td>
<td>2,795,319</td>
<td>1,054,400</td>
<td>2.65 x</td>
</tr>
<tr>
<td>2032</td>
<td>630,000 + 423,050</td>
<td>1,740,919</td>
<td>2,793,969</td>
<td>1,053,050</td>
<td>2.65 x</td>
</tr>
<tr>
<td>2033</td>
<td>650,000 + 401,000</td>
<td>1,740,919</td>
<td>2,791,919</td>
<td>1,051,000</td>
<td>2.66 x</td>
</tr>
<tr>
<td>2034</td>
<td>665,000 + 378,250</td>
<td>1,740,919</td>
<td>2,784,169</td>
<td>1,043,250</td>
<td>2.67 x</td>
</tr>
<tr>
<td>2035</td>
<td>690,000 + 354,975</td>
<td>1,740,919</td>
<td>2,785,894</td>
<td>1,044,975</td>
<td>2.67 x</td>
</tr>
<tr>
<td>2036</td>
<td>730,000 + 329,100</td>
<td>1,740,919</td>
<td>2,800,019</td>
<td>1,059,100</td>
<td>2.64 x</td>
</tr>
<tr>
<td>2037</td>
<td>750,000 + 301,725</td>
<td>1,740,919</td>
<td>2,792,644</td>
<td>1,051,725</td>
<td>2.66 x</td>
</tr>
<tr>
<td>2038</td>
<td>770,000 + 273,600</td>
<td>1,740,920</td>
<td>2,784,520</td>
<td>1,043,600</td>
<td>2.67 x</td>
</tr>
<tr>
<td>2039</td>
<td>510,000 + 244,725</td>
<td>1,214,988</td>
<td>1,969,713</td>
<td>754,725</td>
<td>2.61 x</td>
</tr>
<tr>
<td>2040</td>
<td>535,000 + 225,600</td>
<td>1,214,988</td>
<td>1,975,588</td>
<td>760,600</td>
<td>2.60 x</td>
</tr>
<tr>
<td>2041</td>
<td>560,000 + 204,200</td>
<td>1,214,988</td>
<td>1,979,188</td>
<td>764,200</td>
<td>2.59 x</td>
</tr>
<tr>
<td>2042</td>
<td>575,000 + 181,800</td>
<td>1,214,988</td>
<td>1,971,788</td>
<td>756,800</td>
<td>2.61 x</td>
</tr>
<tr>
<td>2043</td>
<td>600,000 + 158,800</td>
<td>1,214,988</td>
<td>1,973,788</td>
<td>758,800</td>
<td>2.60 x</td>
</tr>
<tr>
<td>2044</td>
<td>625,000 + 134,800</td>
<td>1,214,988</td>
<td>1,974,788</td>
<td>759,800</td>
<td>2.60 x</td>
</tr>
<tr>
<td>2045</td>
<td>645,000 + 109,800</td>
<td>1,214,988</td>
<td>1,969,788</td>
<td>754,800</td>
<td>2.61 x</td>
</tr>
<tr>
<td>2046</td>
<td>670,000 + 84,000</td>
<td>1,214,988</td>
<td>1,968,988</td>
<td>754,000</td>
<td>2.61 x</td>
</tr>
<tr>
<td>2047</td>
<td>700,000 + 57,200</td>
<td>1,214,988</td>
<td>1,972,188</td>
<td>757,200</td>
<td>2.60 x</td>
</tr>
<tr>
<td>2048</td>
<td>730,000 + 29,200</td>
<td>1,214,990</td>
<td>1,974,190</td>
<td>759,200</td>
<td>2.60 x</td>
</tr>
</tbody>
</table>

**Total** **$16,830,000** **$11,205,887** **$46,387,952** **$74,423,839** **$28,035,887**

1 The Series 2018A-2 Fund Loan repayments with respect to Principal Forgiveness Fund Loans, as such repayments are set forth herein, assume and reflect the successful application of principal forgiveness on November 29, 2018, as described under the heading “FINANCING THE PROJECTS - Fund Loans Pursuant to the Water Bank Program” in the body of this Preliminary Official Statement.

2 Fund Loan repayment obligations do not bear interest.

3 Totals may not add due to rounding.

* Preliminary, subject to change upon the final pricing of the Series 2018A-2 Bonds in accordance with the terms of the Notice of Sale.
APPENDIX D

AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE
# Appendix D*

### Aggregate Water Bank Program

Repayments available to secure and provide coverage for coverage receiving financing program debt service (Includes the Series 2018A-2 Bonds)

<table>
<thead>
<tr>
<th>State Fiscal Year Ending June 30</th>
<th>Aggregate of Coverage Receiving I-Bank Loan Repayments: Principal</th>
<th>Aggregate of Coverage Receiving I-Bank Loan Repayments: Interest</th>
<th>Aggregate of Coverage Providing Fund Loan Repayments</th>
<th>Total Funds Available to Secure and Provide Coverage for all Coverage Receiving Financing Program Debt Service</th>
<th>Total Debt Service for all Coverage Receiving Financing Programs</th>
<th>Ratio of all Coverage Providing Funds to all Coverage Receiving Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0</td>
<td>19,687,842</td>
<td>33,633,962</td>
<td>53,321,805</td>
<td>19,687,842</td>
<td>2.71 x</td>
</tr>
<tr>
<td>2020</td>
<td>99,188,716</td>
<td>37,884,991</td>
<td>147,536,006</td>
<td>284,609,713</td>
<td>137,073,708</td>
<td>2.08 x</td>
</tr>
<tr>
<td>2021</td>
<td>95,005,000</td>
<td>33,124,491</td>
<td>141,022,293</td>
<td>269,151,783</td>
<td>128,129,491</td>
<td>2.10 x</td>
</tr>
<tr>
<td>2022</td>
<td>91,684,999</td>
<td>28,766,253</td>
<td>135,832,907</td>
<td>256,284,159</td>
<td>120,451,253</td>
<td>2.13 x</td>
</tr>
<tr>
<td>2023</td>
<td>84,610,003</td>
<td>24,714,433</td>
<td>127,170,646</td>
<td>236,495,082</td>
<td>109,324,435</td>
<td>2.16 x</td>
</tr>
<tr>
<td>2024</td>
<td>79,820,000</td>
<td>21,005,235</td>
<td>120,335,933</td>
<td>221,161,168</td>
<td>100,825,235</td>
<td>2.19 x</td>
</tr>
<tr>
<td>2025</td>
<td>77,330,000</td>
<td>17,518,935</td>
<td>113,865,893</td>
<td>208,714,827</td>
<td>94,848,935</td>
<td>2.20 x</td>
</tr>
<tr>
<td>2026</td>
<td>70,260,000</td>
<td>14,253,782</td>
<td>103,685,792</td>
<td>188,199,573</td>
<td>84,513,782</td>
<td>2.23 x</td>
</tr>
<tr>
<td>2027</td>
<td>63,690,000</td>
<td>11,299,775</td>
<td>91,718,236</td>
<td>166,708,011</td>
<td>74,989,775</td>
<td>2.22 x</td>
</tr>
<tr>
<td>2028</td>
<td>52,590,000</td>
<td>8,829,853</td>
<td>78,064,575</td>
<td>139,484,428</td>
<td>61,419,853</td>
<td>2.27 x</td>
</tr>
<tr>
<td>2029</td>
<td>42,410,000</td>
<td>6,957,069</td>
<td>65,002,552</td>
<td>114,369,620</td>
<td>49,367,069</td>
<td>2.32 x</td>
</tr>
<tr>
<td>2030</td>
<td>37,560,000</td>
<td>5,477,209</td>
<td>54,136,199</td>
<td>97,173,408</td>
<td>43,037,209</td>
<td>2.26 x</td>
</tr>
<tr>
<td>2031</td>
<td>27,380,000</td>
<td>4,318,222</td>
<td>44,879,336</td>
<td>76,577,558</td>
<td>31,698,222</td>
<td>2.42 x</td>
</tr>
<tr>
<td>2032</td>
<td>22,875,000</td>
<td>3,468,488</td>
<td>38,241,417</td>
<td>64,584,905</td>
<td>26,343,488</td>
<td>2.45 x</td>
</tr>
<tr>
<td>2033</td>
<td>16,250,000</td>
<td>2,830,266</td>
<td>30,347,375</td>
<td>49,427,641</td>
<td>19,080,266</td>
<td>2.59 x</td>
</tr>
<tr>
<td>2034</td>
<td>14,150,000</td>
<td>2,324,328</td>
<td>25,271,556</td>
<td>41,745,884</td>
<td>16,474,328</td>
<td>2.53 x</td>
</tr>
<tr>
<td>2035</td>
<td>10,405,000</td>
<td>1,904,144</td>
<td>18,774,289</td>
<td>31,083,433</td>
<td>12,309,144</td>
<td>2.53 x</td>
</tr>
<tr>
<td>2036</td>
<td>7,465,000</td>
<td>1,599,156</td>
<td>14,090,950</td>
<td>23,155,106</td>
<td>9,064,156</td>
<td>2.55 x</td>
</tr>
<tr>
<td>2037</td>
<td>5,575,000</td>
<td>1,378,363</td>
<td>10,669,870</td>
<td>17,623,232</td>
<td>6,953,363</td>
<td>2.53 x</td>
</tr>
<tr>
<td>2038</td>
<td>4,305,000</td>
<td>1,206,878</td>
<td>8,371,377</td>
<td>13,883,255</td>
<td>5,511,878</td>
<td>2.52 x</td>
</tr>
<tr>
<td>2039</td>
<td>3,015,000</td>
<td>1,078,313</td>
<td>6,474,590</td>
<td>10,567,903</td>
<td>4,093,313</td>
<td>2.58 x</td>
</tr>
<tr>
<td>2040</td>
<td>2,835,000</td>
<td>973,359</td>
<td>6,123,968</td>
<td>9,932,328</td>
<td>3,808,359</td>
<td>2.61 x</td>
</tr>
<tr>
<td>2041</td>
<td>2,960,000</td>
<td>868,641</td>
<td>6,123,968</td>
<td>9,952,609</td>
<td>3,828,641</td>
<td>2.60 x</td>
</tr>
</tbody>
</table>

---

1 Reflects the application to I-Bank Bond debt service of (a) savings credits derived from the prior refunding of certain series of I-Bank Bonds and (b) reductions in the aggregate principal amount of I-Bank Bonds Outstanding as a result of the partial defeasance of certain I-Bank Bonds.
2 Fund Loan repayment obligations do not bear interest.
3 The Fund Loan repayments with respect to Principal Forgiveness Fund Loans, as such repayments are set forth herein, assume and reflect the successful application of principal forgiveness on November 29, 2018, as described under the heading “FINANCING THE PROJECTS - Fund Loans Pursuant to the Water Bank Program” in the body of this Preliminary Official Statement.
4 Does not reflect certain I-Bank Loan repayments to be received from certain Borrowers, that, upon receipt thereof, shall be allocated to an “excess funds account” in anticipation of reimbursement thereof to certain other Borrowers for purposes of reconciliation of amounts owed.
5 Totals may not add due to rounding.
6 Preliminary, subject to change upon the final pricing of the Series 2018A-2 Bonds, in accordance with the terms of the Notice of Sale.
Reflects the application to I-Bank Bond debt service of (a) savings credits derived from the prior refunding of certain series of I-Bank Bonds and (b) reductions in the aggregate principal amount of I-Bank Bonds Outstanding as a result of the partial defeasance of certain I Bonds.

Fund Loan repayment obligations do not bear interest.

The Fund Loan repayments with respect to Principal Forgiveness Fund Loans, as such repayments are set forth herein, assume and reflect the successful application of principal forgiveness on November 29, 2018, as described under the heading “FINANCING THE PROJECTS - Fund Loans Pursuant to the Water Bank Program” in the body of this Preliminary Official Statement.

Does not reflect certain I-Bank Loan repayments to be received from certain Borrowers, that, upon receipt thereof, shall be allocated to an “excess funds account” in anticipation of reimbursement thereof to certain other Borrowers for purposes of reconciliation of amounts owed.

Totals may not add due to rounding.

Preliminary, subject to change upon the final pricing of the Series 2018A-2 Bonds, in accordance with the terms of the Notice of Sale.

<table>
<thead>
<tr>
<th>State Fiscal Year Ending June 30</th>
<th>Aggregate of Coverage Receiving I-Bank Loan Repayments: Principal¹,⁴</th>
<th>Aggregate of Coverage Receiving I-Bank Loan Repayments: Interest¹,⁴</th>
<th>Aggregate of Coverage Providing Fund Loan Repayments²,³</th>
<th>Total Funds Available to Secure and Provide Coverage for all Coverage Receiving Financing Program Debt Service¹,²,³,⁴</th>
<th>Total Debt Service for all Coverage Receiving Financing Programs¹,⁴</th>
<th>Ratio of all Coverage Providing Funds to all Coverage Receiving Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2042</td>
<td>3,075,000</td>
<td>758,063</td>
<td>5,989,056</td>
<td>9,822,119</td>
<td>3,833,063</td>
<td>2.56 x</td>
</tr>
<tr>
<td>2043</td>
<td>2,970,000</td>
<td>646,606</td>
<td>5,717,464</td>
<td>9,334,070</td>
<td>3,616,606</td>
<td>2.58 x</td>
</tr>
<tr>
<td>2044</td>
<td>3,070,000</td>
<td>534,894</td>
<td>5,713,931</td>
<td>9,318,825</td>
<td>3,604,894</td>
<td>2.59 x</td>
</tr>
<tr>
<td>2045</td>
<td>3,185,000</td>
<td>419,034</td>
<td>5,707,394</td>
<td>9,311,428</td>
<td>3,604,034</td>
<td>2.58 x</td>
</tr>
<tr>
<td>2046</td>
<td>3,290,000</td>
<td>299,081</td>
<td>5,603,788</td>
<td>9,192,869</td>
<td>3,589,081</td>
<td>2.56 x</td>
</tr>
<tr>
<td>2047</td>
<td>3,245,000</td>
<td>178,684</td>
<td>4,928,605</td>
<td>8,352,290</td>
<td>3,423,684</td>
<td>2.44 x</td>
</tr>
<tr>
<td>2048</td>
<td>2,365,000</td>
<td>73,347</td>
<td>3,061,990</td>
<td>5,500,336</td>
<td>2,438,347</td>
<td>2.26 x</td>
</tr>
<tr>
<td>2049</td>
<td>730,000</td>
<td>14,600</td>
<td>809,994</td>
<td>1,554,594</td>
<td>744,600</td>
<td>2.09 x</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$933,293,718</strong></td>
<td><strong>$254,394,336</strong></td>
<td><strong>$1,458,905,909</strong></td>
<td><strong>$2,646,593,963</strong></td>
<td><strong>$1,187,688,054</strong></td>
<td></td>
</tr>
</tbody>
</table>

¹ Reflects the application to I-Bank Bond debt service of (a) savings credits derived from the prior refunding of certain series of I-Bank Bonds and (b) reductions in the aggregate principal amount of I-Bank Bonds Outstanding as a result of the partial defeasance of certain I Bonds.

² Fund Loan repayment obligations do not bear interest.

³ The Fund Loan repayments with respect to Principal Forgiveness Fund Loans, as such repayments are set forth herein, assume and reflect the successful application of principal forgiveness on November 29, 2018, as described under the heading “FINANCING THE PROJECTS - Fund Loans Pursuant to the Water Bank Program” in the body of this Preliminary Official Statement.

⁴ Does not reflect certain I-Bank Loan repayments to be received from certain Borrowers, that, upon receipt thereof, shall be allocated to an “excess funds account” in anticipation of reimbursement thereof to certain other Borrowers for purposes of reconciliation of amounts owed.

⁵ Totals may not add due to rounding.

⁶ Preliminary, subject to change upon the final pricing of the Series 2018A-2 Bonds, in accordance with the terms of the Notice of Sale.
APPENDIX E

SUMMARY OF THE SERIES 2018A-2 BOND RESOLUTIONS

The following are excerpts of certain provisions of the bond resolution adopted by the I-Bank on September 13, 2018, as the same may be amended from time to time in accordance with the terms thereof, and entitled “Environmental Infrastructure Bond Resolution, Series 2018A-2” (the “Bond Resolution”). These excerpts are not to be considered a full statement of the terms of the Bond Resolution and, accordingly, are qualified by reference thereto and are subject to the full text thereof. Copies of the Bond Resolution may be obtained from the I-Bank upon request. The section references shown at the beginning of each excerpt are to particular sections of the Bond Resolution.

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, with respect to the Net Earnings on all Funds, Accounts and Subaccounts that are subject to transfer and credit in accordance with Sections 5.10(3) and (4) hereof, the percentage as calculated for each such Borrower, which percentage shall be equal to a fraction, the numerator of which shall equal the original principal amount of the Loan for, as the case may be, (i) such Clean Water SRF Borrower, (ii) such Drinking Water SRF Borrower, (iii) such Clean Water non-SRF Borrower or (iv) such Drinking Water non-SRF Borrower, and the denominator of which shall equal (1) the aggregate of the original principal amount of all Loans for, as applicable, (i) all Clean Water SRF Borrowers, (ii) all Drinking Water SRF Borrowers, (iii) all Clean Water non-SRF Borrowers or (iv) all Drinking Water non-SRF Borrowers, less (2) the original principal amount of the Loan for any such Borrower that, as of the date of calculation hereof, no longer has an outstanding Loan. The calculation of the Allocable Share, as provided by the terms hereof, shall be performed by an Authorized Office of the I-Bank, or a designee thereof, (A) on September 2 of a given Bond Year if, since the prior March 1, a Borrower has satisfied in full all of its repayment obligations with respect to its Loan and such Loan, therefore, is no longer outstanding, or (B) March 2 of a given Bond Year if, since the prior March 1, a Borrower has satisfied in full all of its repayment obligations with respect to its Loan and such Loan, therefore, is no longer outstanding. The Allocable Share for each Borrower, calculated as of the date of issuance of the Series 2018A-2 Bonds, and subject to future modification in accordance with the terms hereof, is set forth in Schedule I 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 and delivered to the
Trustee; (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 Series 2018A-2 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 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’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.

“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.

“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 2018A-2 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, 2019.

“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) 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 market 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
        that 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 bank or trust company or a
        wholly-owned subsidiary of such bank or trust company which: (A) is headquartered in
        the United States and is a member of the Federal Reserve System or (B) is a securities
        broker which is headquartered in the United States, is registered with the Securities and
        Exchange Commission, and is currently on the “Approved List of Issuers of Commercial
        Paper” as permitted 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;

   (vi) The securities delivered as collateral have a maturity not exceeding 10
        years from the date of the repurchase agreement; and

   (vii) 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 I-Bank 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 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 2018A-2 Bonds and all other Coverage Receiving I-Bank 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 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, and the I-Bank, 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 2018A-2 Bonds, to be dated on or about November 1, 2018.

“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 2018A-2 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 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 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.

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

“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 New Jersey established pursuant to the federal Safe Drinking Water Act, as amended.

“State Loan Repayment” means any payment by a Borrower of the principal on the companion State of New Jersey Fiscal Year 2019 zero-interest loan made by the State of New Jersey, acting by and through the Department, to finance in part such Borrower’s Project.

“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” 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 2018A-2 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.

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.

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 2.04. 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.

E-10
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, if any, 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 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 2018A-2 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.

SECTION 5.01. Creation of Funds and Accounts. The following Funds, separate Accounts within Funds and separate Subaccounts within Accounts 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. Reserved;

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 2018A-2 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 2018A-2 Bonds, each of which Project Loan Accounts shall be designated as either a “Clean Water SRF Project Loan Account”, a “Drinking Water SRF Project Loan Account”, a “Clean Water non-SRF Project Loan Account” or a “Drinking Water non-SRF Project Loan Account”, all pursuant to Section 5.02 hereof; 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) a 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, Accounts and Subaccounts created by this Bond Resolution, other than the Operating Expense Fund, the Project Fund and the Rebate Fund (including all Accounts and Subaccounts therein), 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 2018A-2 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 either a “Clean Water SRF Project Loan Account”, a “Drinking Water SRF Project Loan Account”, a “Clean Water non-SRF Project Loan Account” or a “Drinking Water non-SRF Project Loan Account”.

3. 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 from time to time 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 of transfer, 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 (and the appropriate Account and Subaccount therein) 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 following 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 have passed 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; 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 either (Y) set forth a schedule indicating when and how much of the remaining moneys are to be transferred to the Debt Service Fund (and the appropriate Account and Subaccount therein) and applied as a credit against and considered as I-Bank Bond Loan Repayments due from the respective Borrower, 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 any such Project Loan Account to the appropriate Account within the Debt Service Fund (as determined by the application of clause (X) and clause (Y) or clause (Z), above) and within such Account either the SRF Subaccount or the non-SRF Subaccount, as applicable, the amounts identified 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 2018A-2 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, to the extent 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 2018A-2 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 as shall be set forth in such Certificate of an Authorized
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, as well as to pay for any other corporate purposes of the I-Bank that are permitted by the Act; 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 either (i) the other operating expenses of the I-Bank arising in such Bond Year or (ii) any other corporate purposes of the I-Bank arising in such Bond Year that are permitted by the Act.

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 diligently use its best efforts to collect from each Borrower all required I-Bank Bond Loan 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 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 Series 2018A-2 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 the 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 the 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 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).

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 Borrower and, if applicable, the trustee under the Borrower Bond Resolution (as such term is defined in the Loan Agreement) in writing on the first Business Day after such payment date that the payment is past due. A copy of said notice shall be provided at the same time to the I-Bank and the State. 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 the Bond Resolution, shall also notify the I-Bank and the State that a I-Bank Bond Loan Repayment deficiency cannot be satisfied from Loan Repayments deposited pursuant to Section 5.04(3)(a) hereof.

SECTION 5.05. Revenue Fund.

1. On or prior to each Interest Payment Date, the Trustee shall transfer from amounts in the SRF Subaccount and the non-SRF Subaccount (and the applicable Subaccounts therein) of the I-Bank Bond Loan Repayments Account within the Revenue Fund to the SRF Subaccount and the non-SRF Subaccount (and the applicable Subaccounts therein), 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 (and the applicable Subaccounts therein) of the I-Bank Bond Loan Repayments Account within the Revenue Fund to the SRF Subaccount and the non-SRF Subaccount (and the applicable Subaccounts therein), 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 (and the applicable Subaccounts therein) of the I-Bank Bond Loan Repayments Account within the Revenue Fund (i) to the SRF Subaccount and the non-SRF Subaccount (and the applicable Subaccounts therein), 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 (and the applicable Subaccounts therein), 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 pursuant to 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. Reserved.

5. The Trustee shall keep records and accounts with respect to the Revenue Fund. Such records shall be in such format so that (i) all amounts received by the Trustee from the Borrowers pursuant to the Loan Agreements can be properly designated, pursuant to Section 5.04 hereof, as interest or principal payments on the Loans, or other than amounts payable pursuant to the Loan Agreements or Net Earnings attributable to such amounts, and (ii) all amounts received by the Trustee from the Borrowers pursuant to the State Loan Agreements can be properly designated, pursuant to Section 5.04 hereof, as State Loan Repayments pursuant to the State Loan Agreements.
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 5.08. General Fund. On the first day of each Bond Year beginning September 1, 2019, the Trustee shall deposit in the SRF Account and non-SRF Account (and the applicable Subaccounts therein), 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) 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 (ii) 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 2018A-2 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 pursuant to any provision of this Bond Resolution for the Bonds in accordance with this Bond Resolution, other than 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 and 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 pursuant to 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 compliance of any investment
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 pursuant to 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 Project Loan 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 pursuant to 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.

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 pursuant to this Bond Resolution, other than the Operating Expense Fund and the Rebate Fund (and the respective Accounts therein), 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 Investment Securities.

2. Reserved.

3. **Net Earnings on all Funds and Accounts Subject to Transfer and Credit.** (i) All Net Earnings received in the first Bond Year from the investment of moneys in any Fund, Account or Subaccount 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 (and the Subaccounts therein) in the Debt Service Fund, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount (and the applicable Subaccounts therein), as applicable, of the Interest Account in the Debt Service Fund on September 2, 2019; (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, Account or Subaccount created pursuant to this Bond Resolution, other than the Funds, Accounts and Subaccounts excepted in (i) above, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount (and the applicable Subaccounts therein), 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 in any Bond Year thereafter from the investment of moneys in any Fund, Account or Subaccount created pursuant to this Bond Resolution, other than the Funds, Accounts and Subaccounts excepted in (i) and (ii) above, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount (and the applicable Subaccounts therein), as applicable, of the Interest Account in the Debt Service Fund on September 2 of any such Bond Year.

4. **Specific Borrower Credits.** The Trustee, simultaneously with each transfer contemplated by Section 5.10(3) hereof, shall notify the I-Bank in writing of all such Net Earnings so transferred. Such writings shall set forth the Net Earnings derived from each such Fund, Account or Subaccount 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 Allocable Share of the Net Earnings allocable to said Borrower and notify the Borrower and the Trustee of such credit. The
Allocable Share of the Net Earnings allocable to a Borrower shall be the sum of 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 (and any Subaccounts therein), 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, Accounts and Subaccounts created hereunder other than those Funds, Accounts and Subaccounts listed in Section 5.10(3) hereof, the Net Earnings on which are not subject to transfer and credit in favor of Borrower I-Bank Bond Loan Repayments) in any Bond Year commencing on or after September 1, 2019, which pro rata share shall be equal to the product of: (i) such Net Earnings so derived from the SRF or non-SRF Subaccounts and Accounts (and any Subaccounts therein) of such Funds or Accounts, as applicable, and (ii) said Borrower’s Allocable Share.

To the extent that an Authorized Officer of the I-Bank advises the Trustee in writing (which writing may be via electronic mail) that the I-Bank has determined that the aggregate Net Earnings in all Funds, Accounts and Subaccounts 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 (which writing may be via electronic mail), the calculation pursuant to this subsection by the I-Bank of the aggregate Net Earnings in all Funds, Accounts and Subaccounts 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 Fund, the Capitalized Interest Account within the Debt Service Fund, the Rebate Fund and the Operating Expense Fund (and each of the respective Accounts and Subaccounts therein) shall be retained in and treated as part of such respective Fund, Accounts and Subaccounts, and applied in accordance with the Sections of this Bond Resolution governing such Funds, Accounts and Subaccounts.

6. **Rebate Fund.** The I-Bank may withdraw and utilize earnings in any Fund, Account or Subaccount, other than the Interest Account and the Principal Account (and the respective Subaccounts therein) in the Debt Service Fund, to pay into the Rebate Fund 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 in 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 an Authorized Officer of the I-Bank to such effect. The Authorized Officer of the I-Bank shall submit to the Trustee a Certificate specifying the Funds, Accounts and/or Subaccounts 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.

**SECTION 6.03. Restrictions on Loans.** No Loan may be made to reimburse a Series 2018A-2 Borrower for all or a portion of the Cost of any such Borrower’s Project, or to refinance indebtedness or reimburse any such 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 Series 2018A-2 Bonds.

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; and (ii) a statement of the Revenues, Administrative Fees and State Administrative Fees collected in connection with 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 8.06. Tax Rebate.

1. In connection with the issuance of any 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.

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 undischarged 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 effect 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 undischarged or unstayed for a period of thirty (30) 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 the applicable 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 9.05. 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 9.07. 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 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 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, or (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. 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, 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 10.13. 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.

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 a Bond Resolution;

(f) To modify any of the provisions of a 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 a 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 2018A-2 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 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 2018A-2 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 11.06. 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 11.08. 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 11.12. 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 2018A-2 Bonds for federal income tax purposes. In making any determination under this Section 11.12, the Trustee may conclusively rely upon an opinion of 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 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, in the case of the Series 2018A-2 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 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 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) 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 trust, 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.


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SUMMARY OF THE MASTER PROGRAM TRUST AGREEMENT

The following is a general summary of certain provisions of the Master Program Trust Agreement (the “Agreement”) made as of the 1st day of November, 1995 by and among the I-Bank, the State, U.S. Bank Trust National Association (as successor to State Street Bank and Trust Company, N.A.), as Master Program Trustee thereunder, The Bank of New York (NJ), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to First Union National Bank), in several capacities thereunder, as the same may be amended and supplemented from time to time in accordance with its terms. This summary is not to be considered a full statement of the terms of the Agreement and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Copies of the Agreement may be obtained from the I-Bank upon request. The section references shown below in parenthesis are to particular sections of the Agreement.

Definitions

The following are definitions in summary form of certain terms contained in the Agreement and used therein:

“Authorized Officer” shall mean (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 of the I-Bank by resolution to act on behalf of the I-Bank under the Agreement; 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, its Vice Chairman or its Executive Director; (ii) in the case of the State, the Governor of the State, the State Treasurer, any designee thereof duly authorized in writing by either the Governor of the State or the State Treasurer, or any successor thereto, (iii) in the case of the Master Program Trustee, any person or persons authorized in accordance with all applicable law 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 and evidenced by the corporate resolution or duly authorized executive order authorizing such person or persons or class of persons to act on behalf of the Master Program Trustee; and (iv) in the case of any Future Trustee, Future Loan Servicer, Ineligible Future Trustee or Ineligible Future Loan Servicer, any person or persons authorized in accordance with all applicable law 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 and evidenced by the corporate resolution authorizing such person or persons or class of persons to act on behalf of the Master Program Trustee.

“Borrowers” shall mean government units within the State that have participated in and will in the future participate in the New Jersey Wastewater Treatment Financing Program.

“Coverage Financing Programs” shall mean collectively, or individually, as the case may be, Coverage Providing Financing Programs or Coverage Receiving Financing Programs.

“Coverage Providing Financing Programs” shall mean the Prior Financing Programs, the 1995 Financing Program, all Future Financing Programs and all Ineligible Future Financing Programs (i.e., all Financing Programs other than the Excluded Financing Programs).

“Coverage Providing Fund Loan Agreements” shall mean the loan agreements entered into and to be entered into by the State and the Borrowers for the Coverage Providing Financing Programs in
accordance with the terms of all applicable law, pursuant to which the State has agreed and will agree to make loans to such Borrowers for the purpose of financing I-Bank Projects.

“Coverage Receiving Financing Programs” shall mean the 1995 Financing Program and all Future Financing Programs (i.e. all Financing Programs other than the Excluded Financing Programs and the Ineligible Future Financing Programs).


“DEP” shall mean the Department of Environmental Protection of the State (under such designation, under its former designation, the Department of Environmental Protection and Energy, or under the designation of any successor entity).

“Excluded Financing Programs” shall mean Excluded Future Financing Programs and the Prior Excluded Financing Programs.

“Excluded Future Financing Programs” shall mean the Financing Programs for all years to come beginning in 1996, within the meaning of and for the purposes set forth in the Agreement.

“Excluded Future I-Bank Bond Resolution” shall mean any bond resolution of the I-Bank adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Excluded Future I-Bank Bonds.

“Excluded Future I-Bank Bonds” shall mean the I-Bank Bonds issued to finance I-Bank Loans in Excluded Future Financing Programs.

“Excluded Fund Loan Agreements” shall mean the loan agreements entered into and to be entered into by the State and the Borrowers for the Excluded Financing Programs in accordance with the terms of all applicable law, pursuant to which the State has agreed and will agree to make loans to such Borrowers for the purpose of financing I-Bank Projects.

“Excluded I-Bank Bonds” shall mean annual revenue bonds to be issued by the I-Bank in one or more series for Excluded Financing Programs.

“Excluded I-Bank Bond Resolution” shall mean all Bond Resolution of the I-Bank adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Excluded I-Bank Bonds.

“Financing Program” shall mean the New Jersey Water Bank Financing Program (each Financing Program may be referred to herein as the “Financing Program” preceded by the year or the years and letter designation (i.e. for Financing Programs under which more than one series of the I-Bank Bonds are to be issued in any single annual period) of such Financing Program).

“Financing Program Deficiency” shall mean, for the Coverage Receiving Financing Programs only (i.e., a Financing Program Deficiency cannot occur for any Prior Financing Program, any Ineligible Future Financing Program or any Excluded Financing Program), that deficiency in the applicable Trustee’s receipt of moneys from the affected Loan Servicer as more particularly defined in Section 8(c) of the Agreement.
“Fund Loan Agreements” shall mean the Coverage Providing Fund Loan Agreements (i.e., the Prior Fund Loan Agreements, the 1995 Fund Loan Agreements, the Future Fund Loan Agreements, the Ineligible Future Fund Loan Agreements) and the Excluded Fund Loan Agreements, all in accordance with the terms of all applicable law, pursuant to which the State has agreed or will agree, as the case may be, to make a loan to such Borrowers for the purpose of financing I-Bank Projects.

“Future Financing Programs” shall mean the Financing Programs for all years to come beginning in 1996, within the meaning of and for the purposes set forth in the Agreement.

“Future Fund Loan Agreements” shall mean the loan agreements to be entered into by the State and the Borrowers for the Future Financing Programs in accordance with the terms of all applicable law, pursuant to which the State will agree to make a loan to such Borrowers for the purpose of financing I-Bank Projects.

“Future Loan Servicers” shall mean the Loan Servicers under the Future Loan Servicing Agreements.

“Future Loan Servicing Agreements” shall mean the Loan Servicing and I-Bank Bonds Security Agreements to be entered into for all Future Financing Programs.

“Future I-Bank Bonds” shall mean annual revenue bonds to be issued by the I-Bank in one or more series for all Future Financing Programs.

“Future I-Bank Bond Resolution” shall mean all Bond Resolution of the I-Bank adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Future I-Bank Bonds.

“Future I-Bank Loan Agreements” shall mean the loan agreements to be entered into by the I-Bank and the Borrowers for the Future Financing Programs in accordance with the terms of all applicable law, including without limitation the Act, pursuant to which the I-Bank will agree to make a loan to such Borrowers from a portion of the proceeds of Future I-Bank Bonds for the purpose of financing I-Bank Projects.

“Future Trustees” shall mean the trustees for all Future I-Bank Bonds.

“I-Bank Bond Resolution” shall mean all Bond Resolution of the I-Bank adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of I-Bank Bonds.

“I-Bank Bonds” shall mean collectively, or individually, as the case may be, the Prior I-Bank Bonds, the 1995 I-Bank Bonds, the Future I-Bank Bonds, the Ineligible Future I-Bank Bonds and the Excluded I-Bank Bonds.

“I-Bank Bonds Security Account” shall mean collectively, or individually, as the case may be, the I-Bank Bonds Security Account established under each Loan Servicing Agreement, amounts on deposit in which are to be held by the respective Loan Servicers in trust for the Holders of the series of I-Bank Bonds for which each such Loan Servicing Agreement was entered into.

“I-Bank Projects” shall mean wastewater treatment projects and other projects authorized presently or to be authorized in the future under the Act for local, so long as funding is available,
government units within the State that have participated in and will in the future participate in the New Jersey Wastewater Treatment Financing Program.

“Ineligible Future Financing Programs” shall mean shall mean the Financing Programs for all years to come beginning in 1996, within the meaning of and for the purposes set forth in the Agreement.

“Ineligible Future Fund Loan Agreements” shall mean the loan agreements to be entered into by the State and the Borrowers for the Ineligible Future Financing Programs in accordance with the terms of all applicable law, pursuant to which the State will agree to make a loan to such Borrowers for the purpose of financing I-Bank Projects.

“Ineligible Future Loan Servicers” shall mean the Loan Servicers for each Loan Servicing and I-Bank Bonds Security Agreement to be entered into for Ineligible Future Financing Programs.

“Ineligible Future Loan Servicing Agreements” shall mean the Loan Servicing and I-Bank Bonds Security Agreements to be entered into for Ineligible Future Financing Programs.

“Ineligible Future I-Bank Bonds” shall mean annual revenue bonds to be issued by the I-Bank in one or more series for Ineligible Future Financing Programs.

“Ineligible Future I-Bank Bond Resolution” shall mean all Bond Resolution of the I-Bank adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Ineligible Future I-Bank Bonds.

“Ineligible Future Trustees” shall mean the trustees of all I-Bank Bonds issued to finance Ineligible Future Financing Programs.

“Ineligible Future I-Bank Loan Agreements” shall mean the loan agreements to be entered into by the I-Bank and the Borrowers for the Ineligible Future Financing Programs in accordance with the terms of all applicable law, including without limitation the Act, pursuant to which the I-Bank will agree to make a loan to such Borrowers from a portion of the proceeds of Ineligible Future I-Bank Bonds for the purpose of financing I-Bank Projects.

“Loan Servicers” shall mean the Ineligible Future Loan Servicers, the Prior Loan Servicers, the 1995 Loan Servicer and the Future Loan Servicers.

“Loan Servicing Agreements” shall mean Ineligible Future Loan Servicing Agreements, Prior Loan Servicing Agreements, the 1995 Loan Servicing Agreement and Future Loan Servicing Agreements.

“March 2nd Payment Subaccount” shall mean the March 2nd Payment Subaccount within the Master Program Trust Account created in accordance with the provisions of Section 3 of the Agreement.

“Master Program Trust Account” shall mean the account to be held by the Master Program Trustee, in trust as additional security for the Holders of Coverage Receiving I-Bank Bonds.

“New Jersey National Bank” shall mean New Jersey National Bank of West Trenton, New Jersey, or any successor thereto, in its capacity as New Jersey National Bank, as Prior Loan Servicer, New Jersey National Bank, as Prior Trustee, the 1995 Trustee and to the extent New Jersey National Bank is appointed by the I-Bank as a Future Loan Servicer, Future Trustee, Ineligible Future Loan Servicer or Ineligible Future Trustee for a specific Future Financing Program or Ineligible Future
Financing Program, as the case may be, the Future Loan Servicer, Future Trustee, Ineligible Future Loan Servicer or Ineligible Future Trustee, as the case may be.

“1995 Fund Loan Agreements” shall mean the loan agreements entered into simultaneously with the Agreement by the State and the Borrowers for the 1995 Financing Program in accordance with the terms of all applicable law, pursuant to which the State has agreed to make a loan to such Borrowers for the purpose of financing I-Bank Projects.

“1995 I-Bank Bonds” shall mean the annual revenue bonds to be issued by the I-Bank in one or more series for the 1995 Financing Program.

“1995 I-Bank Bond Resolution” shall mean all Bond Resolution of the I-Bank adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of 1995 I-Bank Bonds.

“1995 I-Bank Loan Agreements” shall mean the loan agreements entered into simultaneously with the Agreement by the I-Bank and the Borrowers for the 1995 Financing Program in accordance with the terms of all applicable law, including without limitation the Act, pursuant to which the I-Bank has agreed to make a loan to such Borrowers from a portion of the proceeds of the 1995 I-Bank Bonds for the purpose of financing I-Bank Projects.

“1995 Loan Servicing Agreement” shall mean the Loan Servicing and I-Bank Bonds Security Agreement entered into for the 1995 Financing Program.

“Notice of Financing Program Deficiency” shall mean, for the Coverage Receiving Financing Programs only (i.e., a Preliminary Notice of Financing Program Deficiency should not be distributed for any Prior Financing Program, any Ineligible Future Financing Program or any Excluded Financing Program), that written notice of a Financing Program Deficiency as more particularly defined in the Agreement.

“Outstanding” shall mean all I-Bank Bonds that are Outstanding under the terms of the applicable I-Bank Bond Resolution authorizing the issuance of such I-Bank Bonds.

“Preliminary Notice of Financing Program Deficiency” shall mean, for the Coverage Receiving Financing Programs only (i.e., a Preliminary Notice of Financing Program Deficiency should not be distributed for any Prior Financing Program, any Ineligible Future Financing Program or any Excluded Financing Program), that written notice of a potential Financing Program Deficiency as more particularly defined in the Agreement.

“Prior Bond Insurers” shall mean the respective Bond Insurers, if any, as defined in the respective Prior Loan Servicing Agreements.

“Prior Excluded Financing Programs” shall mean annual Financing Programs for 1987 and 1988 and the Financing Program pursuant to which bonds of the I-Bank issued under the 1987 Financing Program have been refunded.

“Prior Excluded I-Bank Bond Resolution” shall mean all Bond Resolution of the I-Bank adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Prior Excluded I-Bank Bonds.
“**Prior Excluded I-Bank Bonds**” shall mean the I-Bank Bonds issued to finance I-Bank Loans in Prior Excluded Financing Programs.

“**Prior Financing Programs**” shall mean the Financing Programs from 1989 through and including 1994.

“**Prior I-Bank Bonds**” shall mean the annual revenue bonds issued by the I-Bank, a portion of the proceeds of which were used to fund I-Bank Loans for each Prior Financing Program.

“**Prior Loan Servicing Agreements**” shall mean each Loan Servicing and I-Bank Bonds Security Agreement executed by the I-Bank, the State and each Prior Loan Servicer in connection with each Prior Financing Program.

“**Rating Agency**” shall mean individually, or collectively, as the case may be, of the nationally recognized rating agencies that have published ratings for any of the Coverage Receiving Bonds.

“**Regulations**” means the rules and regulations now or hereafter promulgated by the I-Bank pursuant to the Act, including the regulations entitled “Wastewater Treatment Trust Procedures and Requirements” (N.J.A.C. 7:22-4.1 et seq.), and “Determination of Allowable Costs for Wastewater Treatment Fund and Wastewater Treatment Trust Financial Assistance” (N.J.A.C. 7:22-5.1 et seq.), as the same may from time to time be amended and supplemented.

“**Schedule AG-2**” shall mean the schedule attached to the Agreement as Appendix A thereto, as more fully described in Section 8(a) thereof.

“**September 2nd Payment Subaccount**” shall mean the September 2nd Payment Subaccount within the Master Program Trust Account created in accordance with the provisions of the Agreement.

“**Special Coverage Amount**” shall mean that additional amount of debt service coverage to be made available for Coverage Receiving I-Bank Bonds from funds of or otherwise due the I-Bank or the State, as the case may be, at the times and in the amounts set forth in the Agreement, which amount, if required, shall be expressed in a certificate of an Authorized Officer of the I-Bank or of the I-Bank and the State, as the case may be, detailed in the Agreement (i) as a percentage of Coverage Receiving I-Bank Bonds, (ii) as a whole number or (iii) through some other objective formula.

“**Special Coverage Subaccounts**” shall mean individually or collectively, as the case may be, the Special Coverage Subaccounts respectively created in the March 2nd Payment Subaccount and the September 2nd Payment Subaccount within the Master Program Trust Account, created in accordance with the provisions of the Agreement.

“**Subaccounts**” shall mean individually or collectively, as the case may be, the March 2nd Payment Subaccount and the Special Coverage Subaccount therein and the September 2nd Payment Subaccount and the Special Coverage Subaccount therein, all within the Master Program Trust Account, created in accordance with the provisions of the Agreement.

“**Trustees**” shall mean collectively or individually, as the case may be, the Prior Trustees, the 1995 Trustee, the Future Trustees and the Ineligible Future Trustees.

“**Wastewater Treatment Fund**” shall mean the fund established and held by the State under the State Revolving Fund Loan Program created by the United States Environmental Protection Agency.
pursuant to the Federal Water Quality Act of 1987, as amended from time to time, or any successor program, from which the State makes Fund Loans.

(Section 1)

**Trust Agreement, Pledge, Security Agreement and Subordinate Liens**

The Master Program Trustee shall hold all moneys and securities deposited in the Master Program Trust Account and all Subaccounts under the Agreement in trust for the benefit of the Holders of all Coverage Receiving I-Bank Bonds in accordance with the terms thereof. Accordingly, in exercising its duties and obligations under the Agreement, the Master Program Trustee shall act as a fiduciary for the benefit of such Bondholders.

To the extent the moneys and securities on deposit in the Master Program Trust Account are not needed to make timely payment of debt service to the Holders of the Coverage Receiving I-Bank Bonds in accordance with the term of the Agreement, The Master Program Trustee shall hold all moneys and securities deposited in the Master Program Trust Account and all Subaccounts thereunder in trust for the benefit of the I-Bank and State in accordance with the terms thereof. Accordingly, in exercising its duties and obligations under the Agreement, the Master Program Trustee shall act as a fiduciary for the benefit of the I-Bank and the State.

The pledge made in the Agreement and the duties, covenants, obligations and agreements set forth therein to be observed and performed by or on behalf of the Master Program Trustee shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Coverage Receiving I-Bank 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 with respect to their security interest in and to the Master Program Trust Account and all Subaccounts therein, except as expressly provided in or permitted by the Agreement. The Master Program Trustee, as security for the payment of the principal and redemption premium, if any, of, and the interest on, the Coverage Receiving I-Bank Bonds and as security for the observance and performance of any other duty, covenant, obligation or agreement of the Master Program Trustee under the Agreement all in accordance with the provisions thereof, does grant a security interest in and further does grant, bargain, sell, convey, pledge, assign and confirm to the respective Trustees of the Coverage Receiving I-Bank Bonds the moneys and securities in the Master Program Trust Account and all Subaccounts therein. The pledge made by the Agreement is valid and binding from the time when the pledge is made and the Master Program Trust Account and all Subaccounts therein shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and regardless of whether held by the Master Program Trustee or the respective Trustees, and the lien of such pledge shall be valid and binding as against all parties having claims arising under the Agreement against the Master Program Trustee irrespective of whether such parties have notice thereof.

The Agreement shall constitute a security agreement under the New Jersey Uniform Commercial Code with respect to the funds and securities in the Master Program Trust Account and all Subaccounts therein and the Master Program Trustee will execute and deliver to the Trustees of all Coverage Receiving I-Bank Bonds on demand, and irrevocably appoints such respective Trustees, or any officer of any such Trustees, the attorney-in-fact of the Master Program Trustee to execute, deliver and file such financing statements and other instruments as such Trustees or the I-Bank may require in order to perfect and maintain such security interest under the New Jersey Uniform Commercial Code upon the funds and securities in the Master Program Trust Account and all Subaccounts therein.

Except for the pledge of the funds and securities in the Master Program Trust Account and all Subaccounts therein made for the benefit of the Holders of the Coverage Receiving I-Bank Bonds, the
Master Program Trustee shall not grant and all of the parties to the Agreement shall not cause the Master Program Trustee to grant to any party any rights or interest in and to any such funds and securities in the Master Program Trust Account and all Subaccounts therein, which interest is on a parity basis with or is superior to the lien established by the Agreement for the benefit of the Holders of the Coverage Receiving I-Bank Bonds (now existing and to be created). Notwithstanding the foregoing, with the written consent of the I-Bank, the Master Program Trustee may and at the written direction of the I-Bank, the Master Program Trustee shall grant an interest in and to such funds and securities in the Master Program Trust Account and all Subaccounts therein, which interest is subordinate to the lien established by the Agreement for the benefit of the Holders of the Coverage Receiving I-Bank Bonds (now existing and to be created). This subordinate lien in and to such funds and securities in the Master Program Trust Account and all Subaccounts therein may be established without the need to obtain the consent of the Trustees for or the Holders of any series of Coverage Receiving I-Bank Bonds, which Trustees and Holders shall have no right to preclude the establishment of such subordinate liens. (Section 2)

Resignation

The Master Program Trustee may at any time resign and be discharged of the duties and obligations created under the Agreement by giving not less than sixty (60) days’ written notice to all the parties to the Agreement and mailing notice thereof to the Trustees of all Coverage Receiving I-Bank Bonds then Outstanding (for distribution by such Trustees to the Holders of the Coverage Receiving I-Bank Bonds), specifying the date when such resignation shall take effect and if known, setting forth the name and address of the successor Master Program Trustee and the name and phone number of a contact person for the Master Program Trustee. To the extent not included in the notice distributed by the predecessor Master Program Trustee, this latter information shall be mailed to the parties to the Agreement and to such Trustees (for distribution by such Trustees to the Holders of the Coverage Receiving I-Bank Bonds) by the successor Master Program Trustee promptly upon its having accepted the rights, duties and obligations of Master Program Trustee. Such resignation shall take effect upon the day specified in such notice unless previously a successor Master Program Trustee shall have been appointed by the I-Bank, in which event such resignation shall take effect on the appointment of such successor Master Program Trustee immediately after transfer of the duties and obligations of Master Program Trustee under the Agreement (including without limitation, the transfer of all moneys and securities on deposit in the Master Program Trust Account) to the successor Master Program Trustee, or unless a successor Master Program Trustee shall not have been appointed by the I-Bank, in which event such resignation shall not take effect until immediately after a successor Master Program Trustee is appointed and has transferred the duties and obligations of Master Program Trustee under the Agreement (including without limitation, the transfer of all moneys and securities on deposit in the Master Program Trust Account) to the successor Master Program Trustee. (Section 2)

Removal

The Master Program Trustee may be removed at any time: (i) by an instrument or concurrent instruments in writing, filed with the Master Program Trustee, and signed by the Holders of a majority in principal amount of the Coverage Receiving I-Bank Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any such I-Bank Bonds held by or for the account of the I-Bank, (ii) upon a determination by the I-Bank, in its sole discretion, that the compensation charged by the Master Program Trustee is excessive for the duties, obligations and other services to be performed under the Agreement, by a resolution of the I-Bank filed with the Master Program Trustee or (iii) for just cause, by a resolution of the I-Bank filed with the Master Program Trustee. Promptly upon having accepted the rights, duties and obligations of Master Program Trustee, the successor Master Program Trustee shall mail a copy of any such instrument or resolution to the Holders of all Coverage Receiving I-Bank Bonds then
Outstanding along with the name and address of the successor Master Program Trustee and the name and phone number of a contact person for the Master Program Trustee. (Section 2)

Appointment of Successor Master Program Trustee

In case at any time the Master Program 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 Master Program Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Master Program 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 Master Program Trustee within forty-five (45) days, then a successor may be appointed by the Holders of a majority in the aggregate of the principal amount of the Coverage Receiving I-Bank Bonds then Outstanding, excluding any such I-Bank 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 Master Program Trustee, notification thereof being given to the I-Bank, the State, the predecessor Master Program Trustee and any existing Loan Servicers and Trustees.

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

Any Master Program Trustee appointed under the provisions of this caption in succession to the Master Program Trustee shall be a bank or trust company or national banking association or corporation in good standing, doing business and having its principal office in the State or any contiguous state, 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 or corporation willing and able to accept the office of Master Program Trustee on reasonable and customary terms and authorized by corporate action and by law to perform all the duties imposed upon it by the Agreement, and authorized by corporate action and by law to make the representations and warranties of Master Program Trustee under the Agreement (except that any representations and warranties therein relating to the Master Program Trustee’s organization and existence in the State of New York shall relate to the state of organization and existence of any successor Master Program Trustee). (Section 2)

Transfer of Rights and Property to Successor Master Program Trustee

Any successor Master Program Trustee appointed under the Agreement shall execute, acknowledge and deliver to its predecessor Master Program Trustee, and also to the I-Bank, an instrument accepting such appointment, and thereupon such successor Master Program 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 Master Program Trustee, with like effect as if originally named as Master Program Trustee; but the Master Program Trustee ceasing to act shall nevertheless, on the written request of the I-Bank or of the successor Master Program 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 Master Program Trustee
all the right, title and interest of the predecessor Master Program Trustee in and to any property held by it under the Agreement, and shall pay over, assign and deliver to the successor Master Program Trustee any money or other property subject to the trusts and conditions set forth in the Agreement. Should any deed, conveyance or instrument in writing from the I-Bank be required by such successor Master Program Trustee for more fully and certainly vesting in and confirming to such successor Master Program 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. (Section 2)

Creation of Master Program Trust Account; Records

The Master Program Trustee is directed to establish as a single account with two subaccounts and two further subaccounts therein to be held in trust for the benefit of the Holders of the Coverage Receiving I-Bank Bonds and secondarily, the I-Bank and the State, all in accordance with the terms and conditions of the Agreement, the “Coverage Receiving Financing Program Master Program Trust Account,” which account may be referred to in the Agreement or in any document relating to any Coverage Receiving Financing Program as the “Master Program Trust Account.” All moneys received from the Loan Servicers in accordance with the terms of the Loan Servicing Agreements for deposit in the Master Program Trust Account shall be immediately deposited in the Master Program Trust Account and held, invested and disbursed strictly in accordance with the terms of the Agreement. Within the Master Program Trust Account, the Master Program Trustee shall create a “March 2nd Payment Subaccount” and a “September 2nd Payment Subaccount.” Upon receipt of a Certificate of an Authorized Officer of the I-Bank and the State in accordance with the Agreement or a certificate of an Authorized Officer of the I-Bank in accordance with the Agreement, the Master Program Trustee shall create a “Special Coverage Subaccount” within each of the March 2nd and September 2nd Payment Subaccounts. Amounts to be deposited by the Master Program Trustee in the Master Program Trust Account under the Agreement shall be deposited in the Master Program Trust Account and shall not be deposited in any Subaccount unless and until expressly authorized and directed thereunder. Amounts to be deposited by the Master Program Trustee in any Subaccount specified in the Agreement shall be deposited in any such Subaccount and shall not be deposited in the Master Program Trust Account or any other Subaccount unless and until expressly authorized and directed thereunder. (Section 3)
Future Financing Programs, Ineligible Future Financing Programs and Excluded Future Financing Programs

The I-Bank shall exclusively determine whether each Financing Program (including without limitation Financing Programs pursuant to which I-Bank Bonds issued under any prior Financing Program are to be refunded, subject to the limitation set forth below) pursuant to which a series of I-Bank Bonds is to be issued for the years 1996 and thereafter shall be a Future Financing Program, an Ineligible Future Financing Program or an Excluded Future Financing Program, which determination shall be made by the I-Bank in accordance with all applicable law, and with the interests of the I-Bank’s statutory objectives and with the best interests of the Financing Program and its Participants in mind; provided, however, that the I-Bank shall not include a series of I-Bank Bonds in a Future Financing Program if such inclusion would cause the coverage ratios provided by all Coverage Providing Financing Programs (assuming such inclusion) for the benefit of all Coverage Receiving Financing Programs (assuming such inclusion) to drop below the coverage ratios established for pool programs rated in the highest rating category by Standard & Poor’s Corporation. Such determination shall be dispositively evidenced by the I-Bank’s delivery of a fully authorized and executed certificate delivered to the Master Program Trustee and the State in substantially the form attached to the Agreement. Notwithstanding any other provision to the contrary, for all Financing Programs that are to refund I-Bank Bonds issued under any prior Coverage Providing Financing Program, the I-Bank must determine that such new Financing Program shall be either a Future Financing Program or an Ineligible Future Financing Program. (Section 4)

Investment by the Master Program Trustee of Moneys on Deposit in the Master Program Trust Account

All moneys deposited by the Master Program Trustee in the Master Program Trust Account shall be invested by the Master Program Trustee in Investment Securities as directed in writing by an Authorized Officer of the I-Bank; provided however, that the I-Bank shall not direct investments of moneys on deposit in the Master Program Trust Account in any manner that would cause any series of Coverage Receiving I-Bank Bonds that when issued, the interest on which is excludable from the gross income of the Holders thereof, to lose such exclusion. Should the I-Bank fail to deliver to the Master Program Trustee written instructions as to the investment of moneys on deposit in the Master Program Trust Account, the Master Program Trustee shall invest all of such moneys in Investment Securities described in clause (a) of the definition thereof that otherwise conform with the terms of the Agreement and that will mature or be subject to tender or other return conveyance to the Master Program Trustee at a known value that is at least equal to the principal amount invested by the Master Program Trustee at the option of the Master Program Trustee, as holder of such investment, no later than the March 1 or September 1 immediately following the date of any such investment. The Master Program Trustee may rely on the representations of an Authorized Officer of the I-Bank that any such investment is made in accordance with the terms and conditions of the Agreement. (Section 7)

Payments by Master Program Trustee from Master Program Trust Account and its Subaccounts

(a) Appendix A; Scheduled Deposits in the Master Program Trust Account

(i) Attached to the Agreement is a series of schedules, one for each respective Coverage Providing Financing Program, of the amounts of and the dates on which all payments of principal are scheduled to be made by Borrowers under all Coverage Providing Fund Loan Agreements entered into with respect to each such Coverage Providing Financing Program. Each such schedule contained in Appendix A-1 to the Agreement shall at all times equal the aggregate of all amounts set forth in Exhibit A-2 to all such Coverage Providing Fund Loan Agreements.
To the extent applicable, such schedules shall also note that a particular Coverage Providing Financing Program is also a Coverage Receiving Financing Program.

In addition, attached to the Agreement as the last schedule of Appendix A-1 shall be a single schedule that aggregates each such prior schedule set forth in Appendix A-1. This aggregate schedule shall inform the Master Program Trustee of the exact cumulative amount of all Fund Loan repayments to be made by Borrowers in all Coverage Providing Financing Programs on any given date for which any such Fund Loan repayments are due. To the extent all Borrowers in all Coverage Providing Financing Programs are timely making their respective Fund Loan repayments, the amounts received by the Master Program Trustee from time to time from the Loan Servicers for such Coverage Providing Financing Programs for deposit in the Master Program Trust Account shall equal the amounts set forth in the aggregate final schedule of Appendix A-1.

Attached to the Agreement as Appendix A-2 is an aggregate compilation for all Coverage Providing Financing Programs of the aggregate payments of principal scheduled to be made by Borrowers under all Coverage Providing Fund Loan Agreements to provide additional security to the Holders of all Outstanding Coverage Receiving I-Bank Bonds on each March 1 and September 1 that such Coverage Receiving I-Bank Bonds are scheduled to be Outstanding in accordance with the terms of the Agreement. The schedule contained in Appendix A-2 to the Agreement shall at all times equal the aggregate of all amounts set forth in Exhibit A-2 to all Coverage Providing Fund Loan Agreements as of each such March 1 and September 1, and such schedule shall be used by the Master Program Trustee to make the calculations required by Sections 8(f)(ii)(A)(I) and 8(f)(iii)(A)(I) thereof.

The schedules set forth as Appendix A-1 and Appendix A-2 to the Agreement may sometimes be collectively referred to therein as Appendix A or Schedule AG-2 thereto. Promptly upon the execution and delivery of a new Coverage Providing Fund Loan Agreement or the amendment of Exhibit A-2 to an existing Coverage Providing Fund Loan Agreement, the I-Bank shall deliver to the Master Program Trustee a revised Schedule AG-2 to the Agreement reflecting any such new or amended Coverage Providing Fund Loan Agreements, certified as to its authenticity and accuracy by an Authorized Officer of the I-Bank in substantially the form of Appendix B thereto. Upon receipt thereof, the Master Program Trustee shall replace the existing Schedule AG-2 to the Agreement with the revised Schedule AG-2 thereto and shall refer to and be entitled to rely upon the revised Schedule AG-2 thereto for all purposes thereunder.

(ii) Pursuant to the terms of Section 3(c)(iv) of each Loan Servicing Agreement for every Coverage Providing Financing Program, the Loan Servicers for each such Coverage Providing Financing Program shall transfer to the Master Program Trustee for immediate deposit in the Master Program Trust Account (and not the Subaccounts therein until subsequently transferred to the Subaccounts pursuant to the terms of the Agreement) the Borrower Fund Loan repayments for such Coverage Providing Financing Programs in the amounts and at the times set forth in Appendix A-1 to the Agreement. Any such amounts so deposited in the Master Program Trust Account shall provide additional security to the Holders of the Outstanding Coverage Receiving I-Bank Bonds through the transfer of certain amounts on deposit in the Master Program Trust Account to certain Trustees for such Coverage Receiving I-Bank Bonds in the amounts and at the times set forth in the Agreement.
(b) Preliminary Notice of Financing Program Deficiency for Coverage Receiving Financing Programs. On the fifteenth (15th) day of the month (or the first Business Day thereafter if such date is not a Business Day) preceding each March 1 and September 1 for all years in which any Coverage Receiving I-Bank Bonds are Outstanding, each Trustee for any such I-Bank Bonds that does not have sufficient moneys on deposit in the Revenue Fund and the Debt Service Fund (as such terms are defined in the I-Bank Bond Resolution authorizing the issuance of any such I-Bank Bonds) to pay the principal of and interest on such I-Bank Bonds due on any such March 1 or September 1 shall promptly notify (the “Preliminary Notice of Financing Program Deficiency”) via telecopy with first class mail follow up to the I-Bank, the State, the Loan Servicer for the affected Coverage Receiving Financing Program and the Master Program Trustee of any such deficiency. If as of any such fifteenth (15th) day the Master Program Trustee has not received the full amount of Fund Loan repayments for any given Coverage Receiving Financing Program set forth on Appendix A-1 to the Agreement and the Master Program Trustee has not received a Preliminary Notice of Financing Program Deficiency, the Master Program Trustee shall immediately notify the I-Bank, the State, and each of the Loan Servicer and the Trustee for such affected Coverage Receiving Financing Program, and any such Loan Servicer and Trustee shall verify that the issuance of a Preliminary Notice of Financing Program Deficiency was not warranted notwithstanding the reduced amount of Fund Loan repayments actually received by the Master Program Trustee under any such Coverage Receiving Financing Program.

Conversely, to the extent the Loan Servicer for the affected coverage Receiving Financing Program has mistakenly or otherwise withheld any such moneys from any such Trustee or has received moneys in the interim that are required to be deposited in such Loan Servicer’s I-Bank Bonds Security Account under the applicable Loan Servicing Agreement, any such Loan Servicer shall immediately contact such Trustee and immediately thereupon forward such moneys to such Trustee for deposit in such Revenue Fund. Promptly thereafter, such Loan Servicer shall notify the I-Bank, the State, the affected Trustee and the Master Program Trustee of such action.

All moneys received by the Loan Servicer for the affected Coverage Receiving Financing Program (after a Preliminary Notice of Financing Program Deficiency has been issued) through and including the close of business on the third Business Day immediately preceding each such March 1 and September 1 (or the next Business Day if such days are not Business Days) shall be immediately paid to the Trustee for any such Coverage Receiving Financing Program for deposit in such Trustee’s Revenue Fund; provided however, that to the extent such Loan Servicer has, prior to the close of business on such third immediately preceding Business Day, received and paid over (i) to the Trustee in the aggregate an amount sufficient to satisfy the requirement of the I-Bank Bonds Security Account set forth in the applicable section of such Loan Servicing Agreement (i.e. a requirement in the 1995 Loan Servicing Agreement or the applicable Future Loan Servicing Agreement, as the case may be), similar to the requirements of Section 3(c)(i) and 3(c)(iii) of the Prior Loan Servicing Agreements), (ii) to the I-Bank in the aggregate an amount sufficient to satisfy the administrative fees due and owing to the I-Bank under the 1995 I-Bank Loan Agreement or the applicable Future I-Bank Loan Agreement, as the case may be (i.e. a requirement in the 1995 Loan Servicing Agreement or the applicable Future Loan Servicing Agreement, as the case may be), similar to the requirement of Section 3(c)(ii) of the Prior Loan Servicing Agreements), and (iii) to the State in the aggregate an amount sufficient to satisfy any administrative fees due and owing the State under the 1995 Fund Loan Agreement or the applicable Future Fund Loan Agreement, as the case may be (i.e. a requirement in the 1995 Loan Servicing Agreement, as the case may be, similar to the requirements of Section 3(c)(v) of certain Prior Loan Servicing Agreements), any such excess amounts received by such Loan Servicer shall be immediately transferred to the Master Program Trustee for immediate deposit in the Master Program Trust Account. The Loan Servicer shall notify the I-Bank, the State, the Master Program Trustee and the affected Trustee of all such amounts received and paid by the Loan Servicer after the distribution of the Preliminary Notice of Financing Program Deficiency.
(c) Allocation of and reimbursement for Financing Program Deficiencies for Coverage Receiving Financing Programs. No later than 9:30 a.m. on the second Business Day immediately preceding each March 1 and September 1 (or the next Business Day if such days are not Business Days) for all years in which the Coverage Receiving I-Bank Bonds are Outstanding, the Trustee for any such I-Bank Bonds that does not have sufficient moneys on deposit as of the close of business on the immediately preceding Business Day in the Revenue Fund and the Debt Service Fund (as such terms are defined in the I-Bank Bond Resolution authorizing the issuance of any such I-Bank Bonds) to pay the principal of and interest on such I-Bank Bonds due on any such March 1 or September 1 shall promptly notify (the “Notice of Financing Program Deficiency”) via telecopy with first class mail follow up to the I-Bank, the State, the Loan Servicer for the affected Financing Program and the Master Program Trustee of the existence and the amount of any such deficiency (a “Financing Program Deficiency”). The Master Program Trustee shall review each Notice of Financing Program Deficiency, immediately confirm the terms thereof with the affected Trustee and based upon the terms set forth in the Notice of Financing Program Deficiency as confirmed (or such revised terms upon such review, as the case may be), take the following action.

(i) To the extent the Master Program Trustee has timely received only one (1) Notice of Financing Program Deficiency, the Master Program Trustee shall, no later than 1:00 p.m. on the Business Day immediately preceding any such March 1 or September 1 (or the next Business Day if such days are not Business Days), pay the affected Trustee from funds on deposit in the Master Program Trust Account (including all Subaccounts therein) the amount of the Financing Program Deficiency. If the amount on deposit in the Master Program Trust Account is less than the Financing Program Deficiency, the Master Program Trustee shall pay all such moneys on deposit in the Master Program Trust Account to the affected Trustee.

(ii) To the extent the Master Program Trustee has timely received more than one (1) Notice of Financing Program Deficiency and the aggregate Financing Program Deficiencies are less than or equal to the amount on deposit in the Master Program Trust Account, the Master Program Trustee shall, no later than 1:00 p.m. on the Business Day immediately preceding any such March 1 or September 1 (or the next Business Day if such days are not Business Days), pay the affected Trustees from funds on deposit in the Master Program Trust Account (including all Subaccounts therein) the respective amounts of each such Financing Program Deficiency.

(iii) To the extent the Master Program Trustee has timely received more than one (1) Notice of Financing Program Deficiency and the aggregate Financing Program Deficiencies are greater than the amount on deposit in the Master Program Trust Account (including all Subaccounts therein), the Master Program Trustee shall,

(A) no later than 5:00 p.m. on the second Business Day immediately preceding any such March 1 or September 1 (or the next Business Day if such days are not Business Days), make an allocation of the amounts on deposit in the Master Program Trust Account (including all Subaccounts therein) as follows:

each affected Trustee shall be entitled to an amount equal to their allocable share of the moneys available in the Master Program Trust Account (including all Subaccounts therein) determined by multiplying the sum of such moneys available by a fraction, the numerator of which is their Financing Program Deficiency, and the denominator of which is the sum of all Financing Program Deficiencies set forth in all Notices of Financing Program Deficiencies timely received by the Master Program Trustee as of 5:00 p.m. on any such
second Business Day immediately preceding any such March 1 or September 1 (or the next Business Day if such days are not Business Days); and

(B) no later than 1:00 p.m. on the Business Day immediately preceding any such March 1 or September 1 (or the next Business Day if such days are not Business Days), pay the affected Trustees from funds on deposit in the Master Program Trust Account (including all Subaccounts therein) the respective allocable amounts of each such Financing Program Deficiency as determined in subclause (A) above.

(iv) To the extent the Master Program Trustee is required to make payments from the Master Program Trust Account (including all Subaccounts therein) to certain Trustees for Coverage Receiving Financing Programs in accordance with the terms above, the Master Program Trustee shall make such payments FIRST, from the Master Program Trust Account (and not the Subaccounts therein), SECOND, to the extent necessary, from the March 2nd Payment Subaccount or the September 2nd Payment Subaccount (and not the Subaccounts therein), as the case may be, and THIRD, to the extent necessary, from the applicable Special Coverage Subaccounts.

(d) Amounts received by the Loan Servicer in Coverage Receiving Financing Programs after the issuance of the Notice of Financing Program Deficiency. Any past due Fund Loan repayments or past due I-Bank Loan repayments (including the payment of late charges thereon), the overdue nature of which caused the issuance of a Notice of Program Deficiency, received by any such Loan Servicer after the issuance of the Notice of Program Deficiency shall upon receipt of such amounts by any such Loan Servicer be promptly paid to the Master Program Trustee for deposit in the Master Program Trust Account. The Master Program Trustee shall immediately notify in writing the I-Bank and the State of such receipt. All such amounts, together with the interest thereon, shall be distributed by the Master Program Trustee from the Master Program Trust Account and its Subaccounts in accordance with the terms of the Agreement.

(e) Periodic Transfer of all amounts on deposit in the Master Program Trust Account from Coverage Providing Financing Programs.

(i) All amounts on deposit in the Master Program Trust Account (from deposits made therein under Coverage Providing Financing Programs) on each March 1 and each September 1 (or the next Business Day if such days are not Business Days) for all years in which any Coverage Receiving I-Bank Bonds are Outstanding shall provide additional security for the Holders of any such Coverage Receiving I-Bank Bonds through the transfer by the Master Program Trustee of all or a portion of such funds to certain Trustees for any such Coverage Receiving I-Bank Bonds at the times and in the amounts set forth in the Agreement.

(ii) All amounts on deposit in the Master Program Trust Account (from deposits made therein under Coverage Providing Financing Programs but excluding all amounts in the Subaccounts) on the Business Day immediately succeeding each March 1 (or the next Business Day if such day is not a Business Day) for all years in which any Coverage Receiving I-Bank Bonds are Outstanding shall be promptly transferred by the Master Program Trustee from the Master Program Trust Account to the September 2nd Payment Subaccount for disbursement FIRST, to the extent needed to satisfy Financing Program Deficiencies to the affected Trustee on the immediately following September 1st (or the next Business Day if such day is not a Business Day) in accordance with the terms of the Agreement and SECOND, to the extent not so required, to the parties and for disbursement on the immediately following September 2 (or the next Business Day is such day is not a Business Day) in accordance with the Agreement.
(iii) All amounts on deposit in the Master Program Trust Account (from deposits made therein under Coverage Providing Financing Programs but excluding all amounts in the Subaccounts) on the Business Day immediately succeeding each September 1 (or the next Business Day if such day is not a Business Day) for all years in which any Coverage Receiving I-Bank Bonds are Outstanding shall be promptly transferred by the Master Program Trustee from the Master Program Trust Account to the March 2nd Payment Subaccount for disbursement **FIRST**, to the extent needed to satisfy Financing Program Deficiencies to the affected Trustees on the immediately following March 1st (or the next Business Day if such day is not a Business Day) in accordance with the terms of the Agreement and **SECOND**, to the extent not so required, to the parties and for disbursement on the immediately following March 2 (or the next Business Day is such day is not a Business Day) in accordance with the Agreement.

(f) **Distributions from the March 2nd and September 2nd Payment Subaccounts.**

(i) All amounts on deposit in the March 2nd Payment Subaccount and the September 2nd Payment Subaccount of the Master Program Trust Account on each March 1 and each September 1 (or the next Business Day if such days are not Business Days) for all years in which any Coverage Receiving I-Bank Bonds are Outstanding shall provide additional security for the Holders of any such Coverage Receiving I-Bank Bonds through the transfer by the Master Program Trustee of all or a portion of such funds to certain Trustees for any such Coverage Receiving I-Bank Bonds at the times and in the amounts set forth in the Agreement.

(ii) All amounts on deposit in the September 2nd Payment Subaccount of the Master Program Trust Account (other than the amounts on deposit in the Special Coverage Subaccount within the September 2nd Payment Subaccount) on the September 2 referred to in Section 8(e)(ii) of the Agreement or on the September 2 immediately following the September 1 referred to in Section 8(f)(iii)(A) of the Agreement, as the case may be (or the next Business Day if such day is not a Business Day), shall be transferred on such September 2 (or the next Business Day if such day is not a Business Day) to the following parties in the following amounts and in the following order:

(A) Unless the Master Program Trustee has received a certificate of an Authorized Officer of each of the I-Bank and the State precluding the retention of amounts otherwise due the State in the Master Program Trust Account (and its Subaccounts) in accordance with this subclause (A), retained by the Master Program Trustee for transfer to the March 2nd Payment Subaccount of the Master Program Trust Account to provide additional security for the Holders of all Outstanding Coverage Receiving I-Bank Bonds on the immediately following March 1 through the subsequent transfer by the Master Program Trustee of all or a portion of such funds to certain Trustees for any such Coverage Receiving I-Bank Bonds at the times and in the amounts set forth in Sections 8(c) and 8(f)(i) of the Agreement, that amount, if any, equal to the difference between

(I) the amount that is scheduled for deposit in the Master Program Trust Account from Coverage Providing Financing Programs according to Appendix A-2 to the Agreement (excluding any amounts scheduled for deposit in the Subaccounts) on the September 1 (or the next Business Day if such day is not a Business Day) immediately preceding the September 2 referred to above (or the next Business Day if such day is not a Business Day); and
(II) the amount that is actually on deposit in the Master Program Trust Account (excluding any amounts scheduled for deposit in the Subaccounts and after any payment from the Master Program Trust Account to certain Trustees for Coverage Receiving Financing Programs in accordance with the terms of Sections 8(c) and 8(e)(i) of the Agreement) on any such September 1 (or the next Business Day if such day is not a Business Day);

(B) To the I-Bank in the amount of any past due administrative fees and/or late charges owed to the I-Bank under the 1995 I-Bank Loan Agreement or any Future I-Bank Loan Agreement, provided that the I-Bank notify the Master Program Trustee in writing (via telecopy or otherwise) of any such deficiency no later than 9:30 a.m. on such September 2 (or the next Business Day if such day is not a Business Day);

(C) To the extent the Master Program Trustee has received a certificate of an Authorized Officer of each of the I-Bank and the State setting forth that portion of the Special Coverage Amount, if any, in effect for the immediately following March 1 (or the next Business Day if such day is not a Business Day) that is not to be funded with an equity contribution of the I-Bank, retained by the Master Program Trustee for transfer to the Special Coverage Subaccount within the March 2nd Payment Subaccount of the Master Program Trust Account to provide additional security for the Holders of the Coverage Receiving I-Bank Bonds for the immediately following March 1 (or the next Business Day if such day is not a Business Day) in an amount equal to the Special Coverage Amount; and

(D) To the State the balance of all such amounts on deposit in the September 2nd Payment Subaccount (other than the amounts on deposit in the Special Coverage Subaccount within the September 2nd Payment Subaccount) FIRST for repayment of its Fund Loans for deposit in the Wastewater Treatment Fund, SECOND for repayment of any administrative fees owed to the State under any Coverage Providing Fund Loan Agreements for any authorized purpose under applicable law, THIRD for payment of any late charges owed to the State under any Coverage Providing Fund Loan Agreement for any authorized purpose under applicable law and FOURTH as payment for any interest income on amounts on deposit in the Master Program Trust Account and the September 2nd Payment Subaccount (i.e. excluding the Special Coverage Subaccount therein) that have not been previously distributed in accordance with the terms of the Agreement for any authorized purpose under applicable law.

(iii) All amounts on deposit in the March 2nd Payment Subaccount of the Master Program Trust Account (other than the amounts on deposit in the Special Coverage Subaccount within the March 2nd Payment Subaccount) on the March 2 referred to in Section 8(e)(iii) of the Agreement or on the March 2 immediately following the March 1 referred to in Section 8(f)(ii)(A) of the Agreement, as the case may be (or the next Business Day if such day is not a Business Day) shall be transferred on such March 2 (or the next Business Day if such day is not a Business Day) to the following parties in the following amounts and in the following order:

(A) Unless the Master Program Trustee has received a certificate of an Authorized Officer of each of the I-Bank and the State precluding the retention of amounts otherwise due the State in the Master Program Trust Account (and its Subaccounts) in accordance with this subclause (A), retained by the Master Program Trustee for transfer to the September 2nd Payment Subaccount of the Master Program Trust Account to provide additional security for the Holders of all Outstanding Coverage
Receiving I-Bank Bonds on the immediately following September 1 through the subsequent transfer by the Master Program Trustee of all or a portion of such funds to certain Trustees for any such Coverage Receiving I-Bank Bonds at the times and in the amounts set forth in Sections 8(c) and 8(f)(i) of the Agreement, that amount, if any, equal to the difference between

(I) the amount that is scheduled for deposit in the Master Program Trust Account from Coverage Providing Financing Programs according to Appendix A-2 to the Agreement (excluding any amounts scheduled for deposit in the Subaccounts) on the March 1 (or the next Business Day if such day is not a Business Day) immediately preceding the March 2 referred to in Section 8(f)(iii) above (or the next Business Day if such day is not a Business Day); and

(II) the amount that is actually on deposit in the Master Program Trust Account (excluding any amounts scheduled for deposit in the Subaccounts and after any payment from the Master Program Trust Account to certain Trustees for Coverage Receiving Financing Programs in accordance with the terms of Sections 8(c) and 8(e)(i) of the Agreement) on any such March 1 (or the next Business Day if such day is not a Business Day);

(B) To the I-Bank in the amount of any past due administrative fees owed to the I-Bank under the 1995 I-Bank Loan Agreement or any Future I-Bank Loan Agreement, provided that the I-Bank notify the Master Program Trustee in writing (via telecopy or otherwise) of any such deficiency no later than 9:30 a.m. on such March 2 (or the next Business Day if such day is not a Business Day);

(C) To the extent the Master Program Trustee has received a certificate of an Authorized Officer of each of the I-Bank and the State setting forth that portion of the Special Coverage Amount, if any, in effect for the immediately following September 1 (or the next Business Day if such day is not a Business Day) that is not to be funded with an equity contribution of the I-Bank, retained by the Master Program Trustee for transfer to the Special Coverage Subaccount within the September 2nd Payment Subaccount of the Master Program Trust Account to provide additional security for the Holders of the Coverage Receiving I-Bank Bonds for the immediately following September 1 (or the next Business Day if such day is not a Business Day) in an amount equal to the Special Coverage Amount; and

(D) To the State the balance of all such amounts on deposit in the March 2nd Payment Subaccount (other than the amounts on deposit in the Special Coverage Subaccount within the March 2nd Payment Subaccount) FIRST for repayment of its Fund Loans for deposit in the Wastewater Treatment Fund, SECOND for repayment of any administrative fees owed to the State under any Coverage Providing Fund Loan Agreements for any authorized purpose under applicable law, THIRD for payment of any late charges owed to the State under any Coverage Providing Fund Loan Agreement for any authorized purpose under applicable law and FOURTH as payment for any interest income on amounts on deposit in the Master Program Trust Account and the March 2nd Payment Subaccount (i.e. excluding the Special Coverage Subaccount therein) that have not been previously distributed in accordance with the terms of the Agreement for any authorized purpose under applicable law.
(g) Optional contributions from the I-Bank to the Special Coverage Subaccounts within the March 2nd and September 2nd Payment Subaccounts.

(i) From March 2 through and including the immediately following September 1 of any year in which Coverage Receiving I-Bank Bonds are Outstanding, the Master Program Trustee shall deposit in the Special Coverage Subaccount within the September 2nd Payment Subaccount of the Master Program Trust Account that portion of the Special Coverage Amount, if any, in effect for any such September 1 funded with an equity contribution of the I-Bank as so designated and as set forth in an accompanying certificate of an Authorized Officer of the I-Bank to provide additional security for the Holders of the Coverage Receiving I-Bank Bonds for any such September 1 in an amount equal to all or a portion of the Special Coverage Amount;

(ii) From September 2 through and including the immediately following March 1 of any years in which Coverage Receiving I-Bank Bonds are Outstanding, the Master Program Trustee shall deposit in the Special Coverage Subaccount within the March 2nd Payment Subaccount of the Master Program Trust Account that portion of the Special Coverage Amount, if any, in effect for any such March 1 funded with an equity contribution of the I-Bank as so designated and as set forth in an accompanying certificate of an Authorized Officer of the I-Bank to provide additional security for the Holders of the Coverage Receiving I-Bank Bonds for any such March 1 in an amount equal to all or a portion of the Special Coverage Amount; and

(iii) Any other entity (whether a party to the Agreement or otherwise) desiring to make a deposit in any Special Coverage Subaccount for all or a portion of the Special Coverage Amount shall make any such deposit through the I-Bank in accordance with the terms of the Agreement to the same extent as if the source of any such equity contribution were to be the general revenues of the I-Bank, and any such entity shall have no rights, duties or obligations under the Agreement, except as such entity shall cause the I-Bank to act on its behalf.

(h) Distributions from the Special Coverage Subaccounts within the March 2nd and September 2nd Payment Subaccounts.

(i) All amounts on deposit in the Special Coverage Subaccounts within the March 2nd Payment Subaccount and the September 2nd Payment Subaccount of the Master Program Trust Account on each March 1 and each September 1 (or the next Business Day if such days are not Business Days) for all years in which any Coverage Receiving I-Bank Bonds are Outstanding shall provide additional security for the Holders of any such Coverage Receiving I-Bank Bonds through the transfer by the Master Program Trustee of all or a portion of such funds to certain Trustees for any such Coverage Receiving I-Bank Bonds at the times and in the amounts set forth in Section 8(c) of the Agreement.

(ii) All amounts on deposit in the Special Coverage Subaccount within the September 2nd Payment Subaccount of the Master Program Trust Account on the September 2 (or the next Business Day if such day is not a Business Day) immediately following the September 1 referred to in Section 8(h)(iii)(C) of the Agreement, on the September 2 (or the next Business Day if such day is not a Business Day) immediately following the September 1 referred to in Section 8(g)(i) of the Agreement or on the September 2 (or the next Business Day if such day is not a Business Day) immediately following the September 1 referred to in Section 8(h)(iii)(A) of the Agreement, as the case may be, shall be transferred on such September 2 (or the next Business Day if such day is not a Business Day) to the following parties in the following amounts and in the following order:
(A) An amount equal to the Special Coverage Amount in effect, if any, for the immediately following March 1 (or the next Business Day if such day is not a Business Day) as so designated and as set forth in a certificate of an Authorized Officer of the I-Bank shall be retained by the Master Program Trustee for transfer to the Special Coverage Subaccount within the March 2nd Payment Subaccount to provide additional security for the Holders of the Coverage Receiving I-Bank Bonds on the immediately following March 1 (or the next Business Day if such day is not a Business Day); and

(B) Any balance in the Special Coverage Subaccount within the September 2nd Payment Subaccount (including all investment earnings credited to such Subaccount) after the transfer, if any, referred to in clause (A) above, shall be transferred \textit{FIRST} to the I-Bank in the amount of its proportionate contribution to such Special Coverage Subaccount and \textit{SECOND} to the State, in either case, for their respective use for any authorized purpose under applicable law.

(iii) All amounts on deposit in the Special Coverage Subaccount within the March 2nd Payment Subaccount of the Master Program Trust Account on the March 2 (or the next Business Day if such day is not a Business Day) immediately following the March 1 referred to in Section 8(f)(ii)(C) of the Agreement, on the March 2 (or the next Business Day if such day is not a Business Day) immediately following the March 1 referred to in Section 8(g)(ii) of the Agreement or on the March 2 (or the next Business Day if such day is not a Business Day) immediately following the September 1 referred to in Section 8(h)(ii)(A) of the Agreement, as the case may be, shall be transferred on such March 2 (or the next Business Day if such day is not a Business Day) to the following parties in the following amounts and in the following order:

(A) An amount equal to the Special Coverage Amount in effect, if any, for the immediately following September 1 (or the next Business Day if such day is not a Business Day) as so designated and as set forth in a certificate of an Authorized Officer of the I-Bank shall be retained by the Master Program Trustee for transfer to the Special Coverage Subaccount within the September 2nd Payment Subaccount to provide additional security for the Holders of the Coverage Receiving I-Bank Bonds on the immediately following September 1 (or the next Business Day if such day is not a Business Day); and

(B) Any balance in the Special Coverage Subaccount within the March 2nd Payment Subaccount (including all investment earnings credited to such Subaccount) after the transfer, if any, referred to in clause (A) above, shall be transferred \textit{FIRST} to the I-Bank in the amount of its proportionate contribution to such Special Coverage Subaccount and \textit{SECOND} to the State, in either case, for their respective use for any authorized purpose under applicable law.

(i) \textbf{No Recourse}. To the extent the State does not receive all amounts owed to the State under all Coverage Providing Fund Loan Agreements in accordance with the terms of the Agreement from payments by the Master Program Trustee from the Master Program Trust Account and its subaccounts, the State shall have no recourse against the I-Bank or the Master Program Trustee (except to the extent the Master Program Trustee has improperly held such payments from the State by not following the explicit directions for such payment set forth in the Agreement) for such deficiency, and the State shall only be entitled to whatever remedies it may pursue under the applicable Coverage Providing Fund Loan Agreements, the deficient Fund Loan repayments pursuant to which shall have caused any such deficiency to the State. (Section 8)
Events of Default

(a) Generally. If any of the following events occur, it is defined as and declared to be and to constitute an “Event of Default” under the Agreement:

(i) Failure by the Master Program Trustee, any Loan Servicer or Trustee to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under the Agreement, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Master Program Trustee, such Loan Servicer or such Trustee by the I-Bank, unless the I-Bank shall agree in writing to an extension of such time prior to its expiration;

(b) Remedies.

(i) Whenever an Event of Default referred to in Section 10(a) of the Agreement shall have occurred and be continuing, the Master Program Trustee, any such Loan Servicer or any such Trustee, as the case may be, acknowledges any rights of the Bondholders to direct any and all remedies in accordance with the terms of the affected I-Bank Bond Resolution, and the Master Program Trustee, any such Loan Servicer or any such Trustee, as the case may be, also acknowledges that the I-Bank shall have the right to take any action permitted or required pursuant to the affected I-Bank Bond Resolution and to take whatever other action at law or in equity may appear necessary or desirable to enforce the performance and observance of any duty, covenant, obligation or agreement of the Master Program Trustee, any such Loan Servicer or any such Trustee, as the case may be, under the Agreement.

(ii) Whenever an Event of Default referred to in Section 10(a) of the Agreement shall have occurred other than as a result of action or inaction of any such Trustee and be continuing, the Master Program Trustee or the Loan Servicer, as the case may be, acknowledges the rights of any such Trustee and any rights of any such Bondholders to direct any and all remedies in accordance with the terms of the affected I-Bank Bond Resolution, and any such Master Program Trustee or any such Loan Servicer, as the case may be, also acknowledges that the I-Bank shall have the right to take any action permitted or required pursuant to the affected I-Bank Bond Resolution and to take whatever other action at law or in equity may appear necessary or desirable to enforce the performance and observance of any duty, covenant, obligation or agreement of the Master Program Trustee, any such Loan Servicer or any such Trustee, as the case may be, under the Agreement.

(d) Amendments, Supplements, Modifications and Assignment. Except for all amendments or supplements to the Agreement contemplated by Sections 4, 8(a) and 9 of the Agreement and by Appendices A, B and C thereof, except for the assignment by the State contemplated below and except for the occurrence of future events contemplated therein (none of which shall require the consent of any party to the Agreement or any approvals required under any applicable I-Bank Bond Resolution), the Agreement may not be amended, supplemented, modified or assigned without the prior written consent of the I-Bank, the State, the Master Program Trustee, all of the then existing Trustees and all of then existing Loan Servicers and without the satisfaction of all terms and conditions set forth in the applicable I-Bank Bond Resolution that must be satisfied in order to amend the Agreement; provided however, that the then existing Trustees shall not consent to any such amendment or supplement to the Agreement unless any such amendment or supplement to the Agreement would satisfy the purposes and conditions for an amendment or supplement to the respective I-Bank Bond Resolution under which the respective Trustees are vested with power to act as Trustee for their respective series of I-Bank Bonds; and provided further however, that notwithstanding any provision to the contrary in the Agreement or in any other document,
instrument or certificate executed or official action adopted in connection with any Financing Program by any entity, the State may assign all or a portion of its rights, duties and obligations under the Agreement to the I-Bank without any such prior consent of any such parties and without the satisfaction of any conditions in any I-Bank Bond Resolution. (Section 10)
SUMMARY OF THE I-BANK CONTINUING DISCLOSURE AGREEMENTS

The following are certain excerpts of certain provisions of the I-Bank Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) by and among the I-Bank, the Trustee and the Master Program Trustee, to be entered into in connection with the issuance of the Series 2018A-2 Bonds. These excerpts are not to be considered a full statement of the terms of the Continuing Disclosure Agreement and, accordingly, are qualified by reference thereto and are subject to the full text thereof. In addition to the terms defined in Section 1.2 below, capitalized terms used in the Continuing Disclosure Agreement shall, unless the context clearly requires otherwise, have the same meanings as such terms are given in the “SUMMARY OF THE SERIES 2018A-2 BOND RESOLUTION”. Copies of the executed Continuing Disclosure Agreement may be obtained from the I-Bank or the Trustee upon request. The section references shown at the beginning of each excerpt are to particular sections of the Continuing Disclosure Agreement.

Section 1.2. Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually with respect to the I-Bank.

“Auditor” means an independent certified public accountant, a registered municipal accountant or such other accountant as shall be permitted or required under State law in accordance with GAAS.

“Bondholder” or “Holder” or any similar term, when used with reference to the Bonds, means any person who shall be the registered owner of any outstanding Bonds, including holders of beneficial interests in the Bonds.

“Bond Disclosure Event” means any event described in Section 2.1(c) of this Agreement.

“Bond Disclosure Event Notice” means the notice to each National Repository or the MSRB and the State Depository, if any, as provided in Section 2.4(c) of this Agreement.

“Dissemination Agent” means an entity acting in its capacity as Dissemination Agent under this Agreement or any successor Dissemination Agent designated in writing by the I-Bank that has filed a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“Financial Statements” means the audited financial statements for each Fiscal Year, if and when available, relating to the Bonds and the Master Program Trust Account. Currently, no audited financial statements are completed with respect to the Bonds or the Master Program Trust Account.

“Fiscal Year” means the fiscal year of the I-Bank as determined by the I-Bank from time to time pursuant to State law. As of the date of this Agreement, the Fiscal Year of the I-Bank begins on July 1 of each calendar year and closes on June 30 of the immediately succeeding calendar year.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied, as modified by governmental accounting standards and mandated State statutory principles applicable to the I-Bank as may be in effect from time to time.
“GAAS” means generally accepted auditing standards as in effect from time to time in the United States of America, consistently applied, as modified by governmental auditing standards and mandated State statutory principles applicable to the I-Bank as may be in effect from time to time.

“MSRB” means the Municipal Securities Rulemaking Board.

“National Repository” means a “nationally recognized municipal securities information repository” within the meaning of Rule 15c2-12. As of the date of this Agreement, the National Repository designated by the SEC in accordance with Rule 15c2-12 is EMMA.

“Obligated Person” means, collectively, (i) the Program and (ii) all Borrowers (and, if applicable, related local government units) determined by the I-Bank to be material "obligated persons" in connection with the issuance of the Bonds, as the term "obligated person" is defined in Rule 15c2-12, which determination has been made pursuant to the objective criteria set forth in the Continuing Disclosure Agreement.

“Operating Data” means, generally, certain financial and statistical information relating to the Bonds and the Master Program Trust Account, substantially in the form included as the “Master Program Trust Agreement Schedule” to the audited financial statements of the I-Bank, attached as Appendix A to the Final Official Statement.

“Repository” means each National Repository and each State Depository, if any.

“State Depository” means any public or private repository or entity designated by the State as a state information depository for purposes of Rule 15c2-12. As of the date of this Agreement, there is no State Depository.

Section 2.1. Continuing Disclosure Covenants of I-Bank. The I-Bank agrees that it will provide or, if the I-Bank has appointed or engaged a Dissemination Agent, shall cause the Dissemination Agent to provide:

(a) Not later than two hundred twenty-five (225) days after the end of each Fiscal Year, commencing with the first Fiscal Year of the I-Bank ending after January 1, 2019 (which will end June 30, 2019), an Annual Report to each Repository.

(b) Not later than fifteen (15) days prior to the date of each Fiscal Year specified in Section 2.1(a) hereof, a copy of the Annual Report, complete to the extent required in Section 2.1(a) hereof, to the Trustee and the Dissemination Agent (if the I-Bank has appointed or engaged a Dissemination Agent).

(c) In a timely manner, not in excess of ten business days after the occurrence of the applicable event, to each National Repository or to the MSRB and the State Depository, if any, notice, in Prescribed Form, of any of the following events with respect to the Bonds (each a "Bond Disclosure Event"), with a copy of such notice to the Trustee (for informational purposes only):

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to the rights of Bondholders, if material;

(viii) Bond calls (other than regularly scheduled mandatory sinking fund redemptions for which notice of redemption has been given to the Bondholders as required pursuant to the provisions of the Resolution), if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xiii) Bankruptcy, insolvency, receivership or similar event of any Obligated Person;

(xiii) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor to the Trustee or the Master Program Trustee, appointment of an additional Trustee or Master Program Trustee, or the change of name of the Trustee or the Master Program Trustee, if material.

Section 2.2. Reserved.

Section 2.4. Responsibilities and Duties of I-Bank, Dissemination Agent and Trustee. (a) If fifteen (15) days prior to the date specified in Section 2.1(a) hereof the Trustee has not received a copy of the Annual Report, complete to the extent required in Section 2.1(a) hereof, the Trustee shall contact the I-Bank to provide notice of the I-Bank’s obligations pursuant to Sections 2.1(a), 2.1(b) and 2.4(d)(ii) hereof.

(b) If the Trustee, by the date specified in Section 2.1(a) hereof, has not received a written report from the I-Bank, as required by Section 2.4(d)(ii) hereof, indicating that an Annual Report, complete to the extent required in Section 2.1(a) hereof, has been provided to the Repositories by the date specified in Section 2.1(a) hereof, the Trustee shall send a notice to each National Repository or to the MSRB and the State Depository, if any, in substantially the form attached hereto as Exhibit B together with any standard forms or cover sheets that may be required by the MSRB as of the date thereof, with a copy thereof to the I-Bank.

(c) If the I-Bank has determined that a Bond Disclosure Event has occurred, the I-Bank shall file promptly a notice of such occurrence with each National Repository or with the MSRB and the State
Depository, if any (the “Bond Disclosure Event Notice”), in a form determined by the I-Bank together with any standard forms or cover sheets that may be required by the MSRB as of the date thereof; provided, that the Bond Disclosure Event Notice pertaining to the occurrence of a Bond Disclosure Event described in Section 2.1(c)(viii) (Bond calls) or 2.1(c)(ix) ( defeasances) need not be given under this Section 2.4(c) any earlier than the time when the notice (if any) of such Bond Disclosure Event shall be given to Holders of affected Bonds as provided in Sections 4.05 and 12.01 of the Resolution, respectively. The obligations of the I-Bank to provide the notices required under this Agreement are in addition to, and not in substitution of, any of the obligations (if any) of the Trustee to provide notices of events of default to Bondholders under Article IX of the Resolution. The I-Bank shall file a copy of each Bond Disclosure Event Notice with the Trustee (for informational purposes only).

(d) The I-Bank shall or, if the I-Bank has appointed or engaged a Dissemination Agent, shall cause the Dissemination Agent to:

(i) determine each year, prior to the date for providing the Annual Report, the name and address of each National Repository and each State Depository, if any; and

(ii) by the date specified in Section 2.1(a) hereof, provide a written report to the Trustee (and, if a Dissemination Agent has been appointed, to the I-Bank), upon which said parties may rely, certifying that the Annual Report, complete to the extent required in Section 2.1(a) hereof, has been provided pursuant to this Agreement, stating the date it was provided and listing all of the Repositories to which it was provided.

Section 3.1. Remedies. (a) The Trustee may, in reliance upon the advice of counsel (and at the request of the Holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds outstanding, after the provision of indemnity in accordance with Section 10.05 of the Resolution, shall), or any Bondholder may, for the equal benefit and protection of all Bondholders similarly situated, take whatever action at law or in equity against the I-Bank and any of its respective officers, agents and employees necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the I-Bank under this Agreement, and may compel the I-Bank or any of its respective officers, agents and employees (except for the Dissemination Agent with respect to the obligations, agreements and covenants of the I-Bank) to perform and carry out its duties under this Agreement; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided, further, that any Bondholder, acting for the equal benefit and protection of all Bondholders similarly situated, may pursue specific performance only with respect to the failure to file the Annual Reports and Bond Disclosure Event Notices required by this Agreement, and may not pursue specific performance in challenging the adequacy of Annual Reports that have been filed pursuant to the provisions hereof.

(b) In case the Trustee or any Bondholder shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Bondholder, as the case may be, then and in every such case the I-Bank, the Trustee and any Bondholder, as the case may be, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the I-Bank, the Trustee and any Bondholder shall continue as though no such proceeding had been taken.

(c) A failure by the I-Bank to perform its respective obligations under this Agreement shall not be deemed an event of default under either the Resolution or any I-Bank Loan Agreement, as the case may be, and the sole remedy under this Agreement in the event of any failure by the I-Bank to comply with this Agreement shall be as set forth in Section 3.1(a) of this Agreement.
Section 4.2. I-Bank and Bondholders. Each Bondholder is hereby recognized as being a third-party beneficiary hereunder, and each may enforce, for the equal benefit and protection of all Bondholders similarly situated, any such right, remedy or claim conferred, given or granted hereunder in favor of the Trustee, to the extent permitted in Section 3.1(a) hereof.

Section 4.9. Amendments, Changes and Modifications. (a) Except as otherwise provided in this Agreement, subsequent to the initial issuance of the Bonds and prior to their payment in full (or provision for payment thereof having been made in accordance with the provisions of the Resolution), this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto.

(b) Without the consent of any Bondholders, the I-Bank, the Trustee and the Master Program Trustee at any time and from time to time may enter into any amendments or modifications to this Agreement for any of the following purposes:

(i) to add to the covenants and agreements of the I-Bank hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the I-Bank by this Agreement;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices or legal requirements followed by or applicable to the I-Bank or the Program, to reflect changes in the identity, nature or status of the I-Bank or the Program or in the business, structure or operations of the I-Bank or the Program, or to reflect any mergers, consolidations, acquisitions or dispositions made by or affecting the I-Bank or the Program; provided, that any such modification shall not be in contravention of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity herein, to correct or supplement any provision hereof that may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Agreement, any of which, in each case, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12 as well as any changes in circumstances;

provided, that prior to approving any such amendment or modification, the Trustee, in reliance upon an opinion of Bond Counsel (as defined in the Resolution) to the I-Bank, determines that such amendment or modification does not adversely affect the interests of the Bondholders in any material respect.

(c) Upon entering into any amendment or modification required or permitted by this Agreement that materially affects the interests of the Bondholders, the I-Bank shall deliver to each of the Repositories written notice of any such amendment or modification.

(d) The I-Bank, the Trustee and the Master Program Trustee shall be entitled to rely exclusively upon an opinion of Bond Counsel to the I-Bank to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.9.

Section 4.10. Amendments Required by Rule 15c2-12. The I-Bank, the Trustee and the Master Program Trustee each recognize that the provisions of this Agreement are intended to enable compliance with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof or the promulgation of a successor rule, statute or regulation thereto, a change in this Agreement shall be
permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery of an opinion of Bond Counsel to the I-Bank addressed to the I-Bank, the Trustee and the Master Program Trustee to the effect that such amendments shall be permitted or necessary to assure continued compliance with Rule 15c2-12 as so amended or interpreted, then the I-Bank, the Trustee and the Master Program Trustee shall amend this Agreement to comply with and be bound by any such amendment to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and shall provide written notice of such amendment as required by Section 4.9(c) hereof.

The obligations of the I-Bank and the Trustee hereunder and the consent of the Master Program Trustee set forth in Section 2.6 hereof shall be in full force and effect from the date of issuance of the Bonds, and shall continue in effect until the date either (i) the Bonds are no longer outstanding in accordance with the terms of the Resolution or (ii) the Program no longer remains a material “obligated person” (as the term “obligated person” is defined in Rule 15c2-12) as a result of an interpretation of Rule 15c2-12, and in either event only after the I-Bank delivers written notice to such effect to each National Repository or to the MSRB and the State Depository, if any.

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APPENDIX F

The following terms as used in the I-Bank Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

"Authority Underlying Government Unit" means any Underlying Government Unit that is an authority.

"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 I-Bank by resolution to act on behalf of the I-Bank pursuant to this Loan Agreement, and (ii) in the case of the Borrower, any person or persons authorized pursuant to a resolution of the governing body of the Borrower, in either case, to perform any act or execute any document relating to the Loan, the Borrower Bond or this Loan Agreement.

"Borrower" means the New Jersey county or municipality [municipal/county utilities authority] [sewerage authority] [political subdivision] that is a party to and is described in the first paragraph of this Loan Agreement, and its successors and assigns.

"Borrower Bond" means the general obligation bond [revenue bond] authorized, executed, attested and delivered by the Borrower to the I-Bank to evidence and secure the Loan, a specimen of which is attached hereto as Exhibit D and made a part hereof.
"Borrower Bond Resolution" means the <resolution> [resolution] [indenture] of the Borrower entitled "[TITLE OF GENERAL RESOLUTION]", <adopted on> [adopted on] [dated] [DATE], as amended and supplemented from time to time, in particular by a supplemental <resolution> [resolution] [indenture] detailing the terms of the Borrower Bond <adopted on> [adopted on] [dated] [DATE] and entitled "[TITLE OF SUPPLEMENTAL RESOLUTION]", pursuant to which the Borrower Bond has been issued.

"Borrower Enabling Act" means the "[TITLE OF ACT]", constituting Chapter ___ of the Pamphlet Laws of ____ of the State (codified at N.J.S.A. _______ et seq.), as the same may from time to time be amended and supplemented.

"Borrowers" means any other New Jersey counties, municipalities, municipal, county or regional sewerage or utilities authorities or any other local political subdivisions authorized to construct, operate and maintain Environmental Infrastructure Systems that have entered into Loan Agreements with the I-Bank pursuant to which the I-Bank will make Loans to such Borrowers from moneys on deposit in the Project Fund, excluding the Project Loan Account.

"Cost" means those costs that are eligible, reasonable, necessary, allocable to the 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 as set forth in Exhibit B hereto, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the I-Bank.

"Department" means the New Jersey Department of Environmental Protection.

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

"Environmental Infrastructure System" means the Environmental Infrastructure Facilities of the Borrower, including the Project, described in Exhibit A-1 attached to the applicable Loan Agreement and made a part thereof, a portion of the Costs of which is being financed or refinanced by the I-Bank through the making of the Loan pursuant to the terms and provisions of the Loan Agreement.

"Event of Default" means any occurrence or event specified in Section 5.01 of the applicable Loan Agreement.

"Fund Loan" means the loan made to the Borrower by the State, acting by and through the Department, pursuant to the loan agreement by and between the Borrower and the State, acting by and through the Department, to finance or refinance a portion of the Cost of the Project.

"Fund Loan Agreement" means the loan agreement dated as of November 1, 2018 by and between the Borrower and the State, acting by and through the Department, regarding the terms and conditions of the Fund Loan.

"I-Bank" means 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.

"I-Bank Bonds" means bonds authorized by Section 2.03 of the Bond Resolution, together with any refunding bonds authenticated and delivered pursuant to Section 2.04 of the Bond Resolution, in each case issued in order to finance (i) the portion of the Loan deposited in the Project Loan Account, (ii) the portion of the Loans deposited in the balance of the Project Fund, (iii) any capitalized interest related to
such bonds, and (iv) a portion of the costs of issuance related to such bonds, or to refinance any or all of
the above.

<"Indirect Underlying Government Unit" means the __________ of __________, in the
County of __________, New Jersey, that has entered into a service agreement with [one of] the
Authority Underlying Government Unit[s].>

"Interest on the Loan" or "Interest on the Borrower Bond" means the sum of (i) the Interest
Portion, (ii) the Administrative Fee, and (iii) any late charges incurred hereunder.

"Loan" means the loan made by the I-Bank to the Borrower to finance or refinance a portion of
the Cost of the Project pursuant to this Loan Agreement. For all purposes of this Loan Agreement, the
amount of the Loan at any time shall be the initial aggregate principal amount of the Borrower Bond
(which amount equals the amount actually deposited in the Project Loan Account at the Loan Closing
plus the Borrower's allocable share of [(i)] certain costs of issuance[, bond insurance premium] and
underwriter's discount for all I-Bank Bonds issued to finance the Loan [and (ii) capitalized interest during
the Project construction period]) less any amount of such principal amount that has been repaid by the
Borrower under this Loan Agreement and less any adjustment made pursuant to the provisions of the
Bond Resolution, including, without limitation, Section 5.02(4) thereof, N.J.A.C. 7:22-4.26 and the
appropriations act of the State Legislature authorizing the expenditure of I-Bank Bond proceeds to finance
a portion of the Cost of the Project.

"Loan Agreements" means any other loan agreements entered into by and between the I-Bank
and one or more of the Borrowers pursuant to which the I-Bank will make Loans to such Borrowers from
moneys on deposit in the Project Fund, excluding the Project Loan Account, financed with the proceeds
of the I-Bank Bonds.

"Loan Term" means the term of this Loan Agreement provided in Sections 3.01 and 3.03 hereof
and in Exhibit A-2 attached hereto and made a part hereof.

"Loans" means the loans made by the I-Bank to the Borrowers under the Loan Agreements from
moneys on deposit in the Project Fund, excluding the Project Loan Account.

"Local {Bond} <Authorities Fiscal Control> Law" means the "Local {Bond} <Authorities
Fiscal Control> Law", constituting Chapter {169} <313> of the Pamphlet Laws of {1960} <1983> of
the State (codified at N.J.S.A. 40A: {2} <5A>-1 et seq.), as the same may from time to time be amended
and supplemented.

"Official Statement" means the Official Statement relating to the issuance of the I-Bank Bonds.

"Preliminary Official Statement" means the Preliminary Official Statement relating to the
issuance of the I-Bank Bonds.

"Prime Rate" means the prevailing commercial interest rate announced by the Trustee from time
to time in the State as its prime lending rate.

"Project" means the Environmental Infrastructure Facilities of the Borrower described in Exhibit
A-1 attached hereto and made a part hereof, which constitutes a project for which the I-Bank is permitted
to make a loan to the Borrower pursuant to the Act, the Regulations and the Bond Resolution, a portion of
the Cost of which is being financed or refinanced by the I-Bank through the making of the Loan pursuant
to the terms and provisions of this Loan Agreement.
"Revenues" means "[______] Revenues" as defined in the Borrower Bond Resolution.

"Service Agreement" means the written contractual arrangement entered into by and between the Borrower and the Underlying Government Unit dated [DATE], as amended and supplemented, a copy of which is attached hereto as Exhibit F-2.

"Service Agreement" means, collectively, the written contractual arrangements entered into by and between the Borrower and each Underlying Government Unit dated [DATE] and [DATE], respectively, as amended and supplemented, a copy of each of which is attached hereto as Exhibit F-2.

"Service Agreement" means, collectively, the written contractual arrangements entered into by and between the Borrower and each Underlying Government Unit, a list of which is attached hereto as Exhibit F-2.

"Sewerage Authorities Law" means the "Sewerage Authorities Law", constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (codified at N.J.S.A. 40:14A-1 et seq.), as the same may from time to time be amended and supplemented.

"State" means the State of New Jersey.

"Underlying Government Unit" means the _________ of ___________, in the County of ________, New Jersey, which has entered into the Service Agreement with the Borrower.

"Underlying Government Unit" means the County of ____________, New Jersey, which has entered into the Service Agreement with the Borrower.

"Underlying Government Unit" means the ________ Joint Meeting, in the County of _____________, New Jersey, which has entered into the Service Agreement with the Borrower.

"Underlying Government Unit" means, collectively, the _________ of _____________, in the County of _________, the ___________ of _____________, in the County of _________, and the __________ Authority, all located in the State, each of which has entered into a Service Agreement with the Borrower.

"Utilities Authorities Law" means the "Municipal and County Utilities Authorities Law", constituting Chapter 183 of the Pamphlet Laws of 1957 of the State (codified at N.J.S.A. 40:14B-1 et seq.), as the same may from time to time be amended and supplemented.
SECTION 2.02. Particular Covenants of Borrower.

(a) {Full Faith and Credit Pledge} <Revenue Pledge>. The Borrower {unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the} <irrevocably pledges the Revenues in accordance with the terms of and to the extent provided in the Borrower Bond Resolution[, including, without limitation, moneys payable pursuant to the Service Agreement in respect of debt service on the Borrower Bond,] for the} punctual payment of the principal and redemption premium, if any, of the Loan and the Borrower Bond, the Interest on the Loan, the Interest on the Borrower Bond and all other amounts due under this Loan Agreement and the Borrower Bond according to their respective terms. <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, an amount sufficient to satisfy such deficiency shall be paid by the New Jersey State Treasurer to the I-Bank from State-aid payable to the {Borrower.} <Underlying Government Unit [(other than an Authority Underlying Government Unit)].}>

(b) Performance Under Loan Agreement; Rates. The Borrower covenants and agrees (i) to comply with all applicable State and federal laws, rules and regulations in the performance of this Loan Agreement; (ii) <to maintain its Environmental Infrastructure System in good repair and operating condition; (iii)> to cooperate with the I-Bank in the observance and performance of the respective duties, covenants, obligations and agreements of the Borrower and the I-Bank under this Loan Agreement; and {((iii))} <(iv)> to establish, levy and collect rents, rates and other charges for the products and services provided by its Environmental Infrastructure System, which rents, rates and other charges{, together with any other moneys available for the purpose,} shall be at least sufficient <(A) to meet the operation and maintenance expenses of its Environmental Infrastructure System, (B)> to comply with all covenants pertaining thereto contained in, and all other provisions of, any bond {ordinance,} resolution, trust indenture or other security agreement, if any, relating to any bonds, notes or other evidences of indebtedness issued or to be issued by the Borrower<, to pay the debt service requirements on any such bonds, notes or other evidences of indebtedness, whether now outstanding or incurred in the future, secured by such Revenues and issued to finance improvements to the Environmental Infrastructure System and to make any other payments required by the laws of the State, (C) to generate funds sufficient to fulfill the terms of all other contracts and agreements made by the Borrower, including, without limitation, this Loan Agreement and the Borrower Bond, and (D) to pay all other amounts payable from or constituting a lien or charge on the Revenues of its Environmental Infrastructure System.}>{

{c} <(c) Revenue Obligation; No Prior Pledges. The Borrower shall not be required to make payments under this Loan Agreement except from the Revenues of its Environmental Infrastructure System and from such other funds of such Environmental Infrastructure System legally available therefor and from any other sources pledged to such payment pursuant to subsection (a) of this Section 2.02. In no event shall the Borrower be required to make payments under this Loan Agreement from any revenues or receipts not derived from its Environmental Infrastructure System or pledged pursuant to subsection (a) of this Section 2.02. Except for (i) loan repayments required with respect to the Fund Loan, (ii) the debt service on any future bonds of the Borrower issued at parity with the Borrower Bond under the Borrower Bond Resolution, and (iii) the debt service on any bonds, notes or evidences of indebtedness of the Borrower at parity with the Borrower Bond under the Borrower Bond Resolution and currently outstanding or issued on the date hereof, the Revenues derived by the Borrower from its Environmental Infrastructure System, after the payment of all costs of operating and maintaining the Environmental Infrastructure System, are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the obligation of the Borrower to make Loan Repayments under this Loan Agreement and the Borrower Bond, and all corporate or other action on the part of the Borrower to that end has been and will be duly and validly taken.
(d)> **Completion of Project and Provision of Moneys Therefor.** The Borrower covenants and agrees (i) to exercise its best efforts in accordance with prudent environmental infrastructure utility practice to complete the Project and to accomplish such completion on or before the estimated Project completion date set forth in Exhibit G hereto and made a part hereof; (ii) to comply with the terms and provisions contained in Exhibit G hereto; and (iii) to provide from its own fiscal resources all moneys, in excess of the total amount of loan proceeds it receives under the Loan and Fund Loan, required to complete the Project.

(e) Disposition of Environmental Infrastructure System. The Borrower shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System except on ninety (90) days' prior written notice to the I-Bank, and, in any event, shall not so sell, lease, abandon or otherwise dispose of the same unless the following conditions are met: (i) the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and thereunder to the purchaser or lessee of the Environmental Infrastructure System, and such purchaser or lessee shall assume all duties, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond; and (ii) the I-Bank shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not adversely affect (A) the I-Bank's ability to meet its duties, covenants, obligations and agreements under the Bond Resolution, (B) the value of this Loan Agreement or the Borrower Bond as security for the payment of I-Bank Bonds and the interest thereon, or (C) the excludability from gross income for federal income tax purposes of the interest on Series 2018A-2 Bonds then outstanding or that could be issued in the future.

(f) Exclusion of Interest from Federal Gross Income and Compliance with Code.

(i) The Borrower covenants and agrees that it shall not take any action or omit to take any action that would result in the loss of the exclusion of the interest on any I-Bank Bonds now or hereinafter issued from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Code.

(ii) The Borrower shall not take any action or omit to take any action that would cause its Borrower Bond or the I-Bank Bonds (assuming solely for this purpose that the proceeds of the I-Bank Bonds loaned to the Borrower represent all of the proceeds of the I-Bank Bonds) to be "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, unless the Borrower receives the prior written approval of the I-Bank, the Borrower shall not (A) permit any of the proceeds of the I-Bank Bonds loaned to the Borrower or the Project financed or refinanced with the proceeds of the I-Bank Bonds loaned to the Borrower to be used (directly or indirectly) in any manner that would constitute "private business use" within the meaning of Section 141(b)(6) of the Code, (B) use (directly or indirectly) any of the proceeds of the I-Bank Bonds loaned to the Borrower to make or finance loans to persons other than "governmental units" (as such term is used in Section 141(c) of the Code), or (C) use (directly or indirectly) any of the proceeds of the I-Bank Bonds loaned to the Borrower to acquire any "nongovernmental output property" within the meaning of Section 141(d)(2) of the Code.

(iii) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the I-Bank Bonds (or amounts replaced with such proceeds) or any other funds or take any action or omit to take any action that would cause the I-Bank Bonds (assuming solely for this purpose that the proceeds of the I-Bank Bonds loaned to the Borrower represent all of the proceeds of the I-Bank Bonds) to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.
(iv) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the I-Bank Bonds to pay the principal of or the interest or redemption premium on or any other amount in connection with the retirement or redemption of any issue of state or local governmental obligations ("refinancing of indebtedness"), unless the Borrower shall (A) establish to the satisfaction of the I-Bank, prior to the issuance of the I-Bank Bonds, that such refinancing of indebtedness will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the I-Bank Bonds, and (B) provide to the I-Bank an opinion of Bond Counsel to that effect in form and substance satisfactory to the I-Bank.

(v) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the I-Bank Bonds to reimburse the Borrower for an expenditure with respect to a Cost of the Project paid by the Borrower prior to the issuance of the I-Bank Bonds, unless (A) the allocation by the Borrower of the proceeds of the I-Bank Bonds to reimburse such expenditure complies with the requirements of Treasury Regulations §1.150-2 that are necessary in order to enable the reimbursement allocation to be treated as an expenditure of the proceeds of the I-Bank Bonds for purposes of applying Sections 103 and 141-150, inclusive, of the Code, or (B) such proceeds of the I-Bank Bonds will be used for refinancing of indebtedness that was used to pay Costs of the Project or to reimburse the Borrower for expenditures with respect to Costs of the Project paid by the Borrower prior to the issuance of such indebtedness in accordance with a reimbursement allocation for such expenditures that complies with the requirements of Treasury Regulations §1.150-2.

(vi) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the I-Bank Bonds to pay any costs, or refinance any costs, which are not Costs of the Project that constitute (A) a "capital expenditure," within the meaning of Treasury Regulations §1.150-1, or (B) interest on the I-Bank Bonds accruing during a period commencing on the date of issuance of the I-Bank Bonds and ending on the date that is the later of (I) three years from the date of issuance of the I-Bank Bonds or (II) one year after the completion date with respect to the Project, as set forth in Exhibit G to the I-Bank Loan Agreement.

(vii) The Borrower shall not use the proceeds of the I-Bank Bonds (assuming solely for this purpose that the proceeds of the I-Bank Bonds loaned to the Borrower represent all of the proceeds of the I-Bank Bonds) in any manner that would cause the I-Bank Bonds to be considered "federally guaranteed" within the meaning of Section 149(b) of the Code or "hedge bonds" within the meaning of Section 149(g) of the Code.

(viii) The Borrower shall not issue any debt obligations that (A) are sold at substantially the same time as the I-Bank Bonds and finance or refinance the Loan made to the Borrower, (B) are sold pursuant to the same plan of financing as the I-Bank Bonds and finance or refinance the Loan made to the Borrower, and (C) are reasonably expected to be paid out of substantially the same source of funds as the I-Bank Bonds and finance or refinance the Loan made to the Borrower.

(ix) Neither the Borrower nor any "related party" (within the meaning of Treasury Regulations §1.150-1) shall purchase I-Bank Bonds in an amount related to the amount of the Loan.

(x) The Borrower will not issue or permit to be issued obligations that will constitute an "advance refunding" of the Borrower Bond within the meaning of Section 149(d)(5) of the Code without the express written consent of the I-Bank, which consent may only be delivered by the I-
The Bank after the I-Bank has received notice from the Borrower of such contemplated action no later than sixty (60) days prior to any such contemplated action, and which consent is in the sole discretion of the I-Bank.

<x> (xi) The Borrower will not {invest amounts held in any} <have a> reserve or replacement fund {of the Borrower}(within the meaning of Section 148(d)(1) of the Code) {that are} allocable to the Borrower Bond evidencing the Loan {at a yield in excess of the yield on the I-Bank Bonds, all in accordance with the instructions of the I-Bank, except for any period such amounts constitute proceeds of indebtedness of the Borrower the interest on which is excluded from gross income for purposes of federal income taxation and such amounts have not been reallocated to the I-Bank Bonds as "gross proceeds" of the I-Bank Bonds (in accordance with Treasury Regulation §1.148-6(b) or successor Treasury Regulations applicable to the I-Bank Bonds).]</x>

<x> (xi) The Borrower has a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) that is allocable to the Borrower Bond evidencing the Loan, and such reserve or replacement fund is financed with indebtedness of the Borrower the interest on which is excluded from gross income for purposes of federal income taxation. Accordingly, amounts held in the reserve or replacement fund allocable to the Borrower Bond evidencing the Loan shall be invested by the Borrower at a yield not in excess of the yield on the I-Bank Bonds throughout the term of the Loan, unless the Borrower receives prior written approval of the I-Bank. Amounts in the reserve or replacement fund allocable to the Borrower Bond evidencing the Loan will be held in a segregated account and invested separately from any other moneys so that such amounts will not be held in a "commingled fund" (within the meaning of Treasury Regulations §1.148-1(b)). The investment restrictions contained in this subsection shall not apply in the event the I-Bank receives an opinion of Bond Counsel to the effect that non-compliance with such restrictions will not affect the exclusion from gross income of the interest on the I-Bank Bonds.</x>

(xii) To the extent proceeds of the I-Bank Bonds are to be used to finance, rather than refinance, Costs of the Project, the Borrower covenants that the Borrower will satisfy the requirements of Treasury Regulations §1.148-2(e)(2) for a three (3) year temporary period with respect to such portion of the Loan. Accordingly, the Borrower represents that, based upon all of the objective facts and circumstances in existence on the date of issuance of the I-Bank Bonds, with respect to the portion of the Loan that is to be used to finance Costs of the Project, (A) within six months of the date of issuance of the I-Bank Bonds used to finance the Project, the
Borrower will incur, or will have incurred, a substantial binding obligation to a third party to expend on the Project at least five percent (5%) of such “net sale proceeds” (within the meaning of Treasury Regulations §1.148-1) of the Loan used to finance the Project (treating an obligation as not being binding if it is subject to contingencies within the control of the Borrower, the I-Bank or a “related party” (within the meaning of Treasury Regulations §1.150-1)), (B) completion of such portion of the Project and the allocation to expenditures of the “net sale proceeds” of the Loan used to finance the Project will proceed with due diligence, and (C) all of the proceeds of the Loan used to finance Costs of the Project and investment earnings thereon will be spent prior to the period ending three (3) years subsequent to the date of issuance of the I-Bank Bonds used to finance the Project.

(xiii) Computed as of the issue date of the I-Bank Bonds that are issued to finance or refinance Costs of the Project, the weighted average maturity of the Loan does not exceed 120% of the average reasonably expected economic life of the Project financed or refinanced with the Loan, determined in the same manner as under Section 147(b) of the Code. Accordingly, the term of the Loan will not be longer than is reasonably necessary for the governmental purposes of the Loan within the meaning of Treasury Regulations §1.148-1(c)(4).

<xiv> The Borrower shall only enter into service contracts (including management contracts), with respect to any portion of the Project financed by the State Bonds, with a “governmental unit” (within the meaning of Section 141 of the Code) or only when any such contract (i) meets a safe harbor as set forth in Rev. Proc. 2016-44; (ii) the contract or agreement is entered into before August 18, 2017 and is not materially amended or modified after that date, meets a safe harbor set forth in Rev. Proc. 97-13, 1997-1 C.B. 632, as modified by Rev. Proc. 2001-39; 2001-2 C. B. 38, and amplified by Notice 2014-67; or (iii) meets a safe harbor contained in any successor guidance from the Internal Revenue Service, provided, that the Borrower delivers an opinion of Bond Counsel, in form and substance satisfactory to the State, to the effect that the entering into of such contracts by the Borrower will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the State Bonds.

(xv) The Borrower shall, within thirty (30) days of date the Borrower concludes that no additional proceeds of the Loan will be required to pay Costs of the Project, provide to the I-Bank a certificate of the Borrower evidencing such conclusion.

For purposes of this subsection and subsection (f) of this Section 2.02, quoted terms shall have the meanings given thereto by Section 148 of the Code, including, particularly, Treasury Regulations §§1.148-1 through 1.148-11, inclusive, as supplemented or amended, to the extent applicable to the I-Bank Bonds, and any successor Treasury Regulations applicable to the I-Bank Bonds.

(g) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall, in accordance with prudent environmental infrastructure utility practice, (i) at all times operate the properties of its Environmental Infrastructure System and any business in connection therewith in an efficient manner, (ii) maintain its Environmental Infrastructure System in good repair, working order and operating condition, and (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to its Environmental Infrastructure System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted.
Insurance. The Borrower shall maintain or cause to be maintained, in force, insurance policies with responsible insurers or self-insurance programs providing against risk of direct physical loss, damage or destruction of, or to, its Environmental Infrastructure System at least to the extent that similar insurance is typically carried, and considered commercially reasonable, by utilities constructing, operating and maintaining Environmental Infrastructure Facilities of the nature of the Borrower's Environmental Infrastructure System, including liability coverage, all to the extent available at reasonable cost but in no case less than will satisfy all regulatory requirements applicable to the Borrower and its Environmental Infrastructure System.

Continuing Disclosure Covenant. To the extent that the I-Bank, in its sole discretion, determines, at any time prior to the termination of the Loan Term, that the Borrower is a material "obligated person", as the term "obligated person" is defined in Rule 15c2-12, with materiality being determined by the I-Bank pursuant to criteria established, from time to time, by the I-Bank in its sole discretion and set forth in a bond resolution or official statement of the I-Bank, the Borrower hereby covenants that it will authorize and provide to the I-Bank, for inclusion in any preliminary official statement or official statement of the I-Bank, all statements and information relating to the Borrower [and the Underlying Government Unit] [and the Indirect Underlying Government Unit] deemed material by the I-Bank for the purpose of satisfying Rule 15c2-12 as well as Rule 10b-5, including certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5; and the Borrower hereby further covenants that the Borrower shall execute and deliver the Continuing Disclosure Agreement, in substantially the form attached hereto as Exhibit H, with such revisions thereto prior to execution and delivery thereof as the I-Bank shall determine to be necessary, desirable or convenient, in its sole discretion, for the purpose of satisfying Rule 15c2-12 and the purposes and intent thereof, as Rule 15c2-12, its purposes and intent may hereafter be interpreted from time to time by the SEC or any court of competent jurisdiction; and pursuant to the terms and provisions of the Continuing Disclosure Agreement, the Borrower shall thereafter provide on-going disclosure with respect to all statements and information relating to the Borrower [and the Underlying Government Unit] [and the Indirect Underlying Government Unit] in satisfaction of the requirements set forth in Rule 15c2-12 and Rule 10b-5, including, without limitation, the provision of certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5.

SECTION 3.01. Loan; Loan Term. (a) The I-Bank hereby agrees to (i) make the Loan, as described in Exhibit A-2 attached hereto and made a part hereof, to the Borrower, and (ii) to disburse the proceeds of the Loan to the Borrower in accordance with Section 3.02 and Exhibit C hereof. The Borrower hereby agrees to borrow and accept the Loan from the I-Bank upon the terms set forth in Exhibit A-2 attached hereto and made a part hereof. The Borrower agrees that the amount actually deposited in the Project Loan Account at the Loan Closing plus the Borrower's allocable share of [(i)] certain costs of issuance and underwriter's discount for all I-Bank Bonds issued to finance the Loan [and] [(ii) capitalized interest during the Project construction period], if applicable, shall constitute the initial principal amount of the Loan (as the same may be adjusted downward in accordance with the definition thereof), and neither the I-Bank nor the Trustee shall have any obligation thereafter to loan any additional amounts to the Borrower.

(b) Notwithstanding the provisions of subsection (a) of this Section 3.01 to the contrary, the I-Bank shall be under no obligation (i) to make the Loan to the Borrower if (1) at the Loan Closing, the Borrower does not deliver to the I-Bank the Borrower Bond and such other documents as are required pursuant to Section 2.02(1) hereof, or (2) an Event of Default has occurred and is continuing pursuant to, and as defined in, the Bond Resolution or pursuant to this Loan Agreement, or (ii) to disburse the proceeds of the Loan to the Borrower in accordance with Section 3.02 and Exhibit C hereof, unless each of the conditions precedent to such disbursement, as set forth in Section 3.02 hereof, have been satisfied in full. The I-Bank intends to disburse the proceeds of the Loan to the Borrower at the times and in the
amounts set forth in Exhibit C hereof in order to pay a portion of the Costs of the Project, subject to compliance by the Borrower with the procedures for disbursement as set forth in Section 3.02 hereof; nevertheless, due to unforeseen circumstances, there may not be a sufficient amount on deposit in the Project Loan Account on a given disbursement date in order for the I-Bank to make the disbursement in the amount indicated in Exhibit C hereof so as to satisfy a Loan disbursement request by the Borrower pursuant to the provisions of Section 3.02 hereof, in which case (1) the I-Bank shall have no obligation hereunder to make such disbursement until such time as sufficient funds are on deposit in the Project Loan Account, and (2) the obligations of the Borrower hereunder shall not be affected.

(c) The Borrower shall use the proceeds of the Loan strictly in compliance with the provisions of Section 2.01(h) hereof.

(d) The payment obligations of the Borrower created pursuant to the terms of this Loan Agreement and the obligations of the Borrower to pay the principal of the Borrower Bond, Interest on the Borrower Bond and other amounts due under the Borrower Bond are each {direct} obligations of the Borrower payable {from any source legally available to the Borrower} solely from the Revenues in accordance with the terms of and to the extent provided in the Borrower Bond Resolution {[}> {[, including, without limitation,]} the general tax revenues of the Borrower, and the Borrower shall, if necessary, levy ad valorem taxes upon all the taxable property within the Borrower for the payment of such obligations, without limitation as to rate or amount.} moneys payable pursuant to the Service Agreement in respect of debt service on the Borrower Bond>.

SECTION 3.02. Disbursement of Loan Proceeds. (a) The Trustee, as the agent of the I-Bank, shall disburse the amounts on deposit in the Project Loan Account to the Borrower (i) upon receipt of a requisition executed by an Authorized Officer of the Borrower, and approved by the I-Bank, in a form satisfying the requirements of Section 5.02(3) of the Bond Resolution and (ii) consistent with the schedule for disbursement as set forth in Exhibit C hereof.

(b) The I-Bank and the Trustee shall not be required to disburse any Loan proceeds to the Borrower pursuant to this Loan Agreement, unless:

(i) the proceeds of the I-Bank Bonds shall be available for disbursement, as determined by the I-Bank in its sole and absolute discretion;

(ii) in accordance with the "New Jersey Infrastructure Trust Act", P.L. 1985, c. 329, as amended (N.J.S.A. 58:11B-1 et seq.), and the Regulations, the Borrower shall have timely applied for, shall have been awarded and, prior to or simultaneously with the Loan Closing, shall have closed a Fund Loan for a portion of the Allowable Costs (as defined in such Regulations) of the Project;

(iii) the Borrower shall have {funds available} moneys payable pursuant to the Service Agreement in respect of debt service on the Borrower Bond to pay for (A) that portion of the total cost of the Project that is not eligible to be funded from the Fund Loan or the Loan, and/or (B) that portion of the total cost of the Project that exceeds the actual amounts of the loan commitments made by the State and the I-Bank, respectively, for the Fund Loan and the Loan; and

(iv) no Event of Default nor any event that, with the passage of time or service of notice or both, would constitute an Event of Default shall have occurred and be continuing hereunder.

(c) Notwithstanding any provision of this Loan Agreement to the contrary, the I-Bank and the Trustee, at the request of the Borrower but at the sole discretion of the I-Bank, may disburse Loan
proceeds to the Borrower from the Project Loan Account either prior to or subsequent to the scheduled date for disbursement thereof as such scheduled date is identified in the disbursement schedule set forth in Exhibit C hereof, provided that (A) the Borrower has otherwise satisfied the requirements of this Section 3.02, and (B) such disbursement, in a manner that is inconsistent with the disbursement schedule as set forth in Exhibit C hereof, does not conflict with any restrictions set forth in the Regulations.

In the event that, in the submission of its requisition(s), the Borrower fails to comply with the disbursement schedule as set forth in Exhibit C hereof, and such non-compliance by the Borrower consists of (i) a failure to timely seek disbursement of Loan proceeds which failure results in an amount of non-disbursed funds remaining on deposit in the Project Loan Account, subsequent to the date on which such funds should have been disbursed pursuant to the disbursement schedule set forth in Exhibit C hereof, that, in the aggregate, represents twenty-five percent (25%) of the original deposit to such Project Loan Account, or (ii) a failure to timely seek disbursement of Loan proceeds which failure results in an amount of funds disbursed from the Project Loan Account earlier than the date on which such funds were scheduled to have been disbursed pursuant to the disbursement schedule set forth in Exhibit C hereof, that, in the aggregate, represents twenty-five percent (25%) of the original deposit to such Project Loan Account, then the Borrower shall provide to the I-Bank and the Department a certificate of an Authorized Officer of the Borrower providing a revised disbursement schedule, in a form similar to Exhibit C hereto and approved by the Department. Any reference to Exhibit C in Section 3.01, Section 3.02 and Section 3.03A hereof shall mean Exhibit C as such exhibit may have been revised from time to time pursuant to the provisions of the preceding sentence.

SECTION 3.03. Amounts Payable. (a) The Borrower shall repay the Loan in installments payable to the Trustee as follows:

(i) the principal of the Loan shall be repaid annually on August 1, commencing August 1, 2020, in accordance with the schedule set forth in Exhibit A-2 attached hereto and made a part hereof, as the same may be amended or modified by any credits applicable to the Borrower as set forth in the Bond Resolution;

(ii) the Interest Portion described in clause (i) of the definition thereof shall be paid semiannually on February 1 and August 1, commencing August 1, 201_, in accordance with the schedule set forth in Exhibit A-2 attached hereto and made a part hereof, as the same may be amended or modified by any credits applicable to the Borrower as set forth in the Bond Resolution; and

(iii) the Interest Portion described in clause (ii) of the definition thereof shall be paid upon the date of optional redemption or acceleration, as the case may be, of the I-Bank Bonds allocable to any prepaid or accelerated I-Bank Bond Loan Repayment.

The obligations of the Borrower under the Borrower Bond shall be deemed to be amounts payable under this Section 3.03. Each Loan Repayment, whether satisfied through a direct payment by the Borrower to the Trustee or (with respect to the Interest Portion) through the use of I-Bank Bond proceeds and income thereon on deposit in the Interest Account (as defined in the Bond Resolution) to pay interest on the I-Bank Bonds, shall be deemed to be a credit against the corresponding obligation of the Borrower under this Section 3.03 and shall fulfill the Borrower's obligation to pay such amount hereunder and under the Borrower Bond. Each payment made to the Trustee pursuant to this Section 3.03 shall be applied first to the Interest Portion then due and payable, second to the principal of the Loan then due and payable, third to the payment of the Administrative Fee, and, finally, to the payment of any late charges hereunder.
(b) The Interest on the Loan described in clause (iii) of the definition thereof shall (i) consist of a late charge for any I-Bank Bond Loan Repayment that is received by the Trustee later than its due date and (ii) be payable immediately thereafter in an amount equal to the greater of twelve percent (12%) per annum or the Prime Rate plus one-half of one percent (0.50%) per annum on such late payment from its due date to the date it is actually paid; provided, however, that the rate of Interest on the Loan, including, without limitation, any late payment charges incurred hereunder, shall not exceed the maximum interest rate permitted by law.

(c) The Borrower shall receive, as a credit against its semiannual payment obligations of the Interest Portion, the amounts, if any, certified by the I-Bank pursuant to Section 5.10 of the Bond Resolution. Such amounts shall represent the Borrower's allocable share of the interest earnings on certain funds and accounts established under the Bond Resolution, as calculated and determined in accordance with Section 5.10 of the Bond Resolution.

(d) In accordance with the provisions of the Bond Resolution, the Borrower shall receive, as a credit against its I-Bank Bond Loan Repayments, the amounts, if any, set forth in the certificate of the I-Bank filed with the Trustee pursuant to Section 5.02(4) of the Bond Resolution.

(e) The Interest on the Loan described in clause (ii) of the definition thereof shall be paid by the Borrower in the amount of one-half of the Administrative Fee, if any, to the Trustee semiannually on each February 1 and August 1, commencing August 1, 201_, during the term of the Loan.

(f) The “DEP Loan Surcharge or Loan Origination Fee” as defined in Section 8 of Exhibit B attached hereto and made a part hereof, as additionally identified in Exhibit A-2 attached hereto and made a part hereof, (the “DEP Fee”) shall be paid by the Borrower to the Trustee on the date indicated therein in satisfaction of the payment obligation of the Borrower to the Department, and the obligation of the Borrower with respect to the payment of such DEP Fee shall be an obligation of the Borrower under the Borrower Bond and an amount payable pursuant to this Section 3.03. For purposes of crediting and applying the payment by the Borrower of the DEP Fee upon receipt thereof as provided hereby, the Trustee shall credit and apply such payment of the DEP Fee pursuant to the terms and provisions of the Bond Resolution that relate to the payment, crediting and application of the State Administrative Fee (as defined in the Bond Resolution), notwithstanding that fact that (i) the DEP Fee and the State Administrative Fee are separate and distinct fee payment obligations to be satisfied by the Borrower, and (ii) as of the date hereof, there is no State Administrative Fee due and payable by the Borrower. The Trustee, as assignee hereof, hereby agrees to the credit and application of the DEP Fee upon payment thereof as provided hereby.

(g) In the event that the Borrower fails or is unable to pay promptly to the I-Bank in full any Loan Repayment or any other payment required under this Loan Agreement when due, the Borrower hereby acknowledges that the I-Bank may exercise its right under and in accordance with Section 12a of the Act shall take all measures permitted by its Service Agreement with the Underlying Government Unit to enforce prompt payment by the Underlying Government Unit of its obligations in accordance with the terms of the Service Agreement in order to satisfy such deficiency from State-aid payable to the Borrower. The amount of State-aid so paid to the Trustee shall be deemed to be a credit against the obligations of the Borrower under this Section 3.03, and any such payment made to the Trustee shall fulfill the Borrower's obligation to pay such amount under this Loan Agreement and the Borrower Bond. Each such payment of State-aid so made to the Trustee shall be applied first to the Interest Portion then due and payable, second, to the extent available, to the principal of the Loan then due and payable, third, to the extent available, to the Administrative Fee, fourth, to the extent available, to the payment of any late charges incurred hereunder, and, finally, to the extent available, to any other payment required under this Loan Agreement.}
In the event that the Borrower fails or is unable to pay promptly to the I-Bank in full any Loan Repayment or any other payment required under this Loan Agreement when due and the Underlying Government Unit [(other than an Authority Underlying Government Unit)], which has entered into the Service Agreement with the Borrower, fails to satisfy the resulting payment deficiency when due, the Borrower hereby acknowledges that the I-Bank may exercise its right under and in accordance with Section 12a of the Act to satisfy such deficiency from State-aid payable to the Underlying Government Unit [(other than an Authority Underlying Government Unit)]. The amount of State-aid so paid to the Trustee shall be deemed to be a credit against the obligations of the Borrower under this Section 3.03, and any such payment made to the Trustee shall fulfill the Borrower's obligation to pay such amount under this Loan Agreement and the Borrower Bond. Each such payment of State-aid so made to the Trustee shall be applied first to the Interest Portion then due and payable, second, to the extent available, to the principal of the Loan then due and payable, third, to the extent available, to the Administrative Fee, fourth, to the extent available, to the payment of any late charges incurred hereunder, and, finally, to the extent available, to any other payment required under this Loan Agreement.]>

SECTION 3.03A. Amounts on Deposit in Project Loan Account after Completion of Project Draws. (a) If, on the date which is one hundred eighty (180) days following the final date for which a disbursement of Loan proceeds is scheduled to be made pursuant to the disbursement schedule contained in Exhibit C to the I-Bank Loan Agreement, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must provide to the I-Bank and the Department a certificate of an Authorized Officer of the Borrower (i) stating that the Borrower has not yet completed the Project, (ii) stating that the Borrower intends to complete the Project, (iii) setting forth the amount of remaining Loan Proceeds required to complete the Project, and (iv) providing a revised disbursement schedule, in a form similar to Exhibit C to the I-Bank Loan Agreement and approved by the Department.

(b) If, on the date which is one hundred eighty (180) days following the final date for which a disbursement of Loan proceeds is scheduled to be made pursuant to the revised disbursement schedule certified to the I-Bank and the Department in accordance with Section 3.03A(a) of the I-Bank Loan Agreement, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must provide to the I-Bank and the Department a certificate of an Authorized Officer of the Borrower (i) stating that the Borrower has not yet completed the Project, (ii) stating that the Borrower intends to complete the Project, (iii) setting forth the amount of remaining Loan Proceeds required to complete the Project, and (iv) providing a further revised disbursement schedule, in a form similar to Exhibit C to the I-Bank Loan Agreement and approved by the Department.

(c) If (i) the Borrower fails to provide the certificate described in paragraphs (a) or (b) of this Section 3.03A, when due, or (ii) a certificate provided pursuant to paragraphs (a) or (b) of this Section 3.03A states that the Borrower does not require all or any portion of the amount on deposit in the Project Loan Account for completion of the Project, or (iii) on the date which is one hundred eighty (180) days following the final date on which a disbursement of Loan proceeds is scheduled to be made pursuant to a further revised disbursement schedule certified to the I-Bank and the Department in accordance with Section 3.03A(b) hereof, any amounts remain on deposit in the Borrower’s Project Loan Account, or (iv) a certificate provided pursuant to Section 2.02(e)(xvi) hereof states that the Borrower does not require all or any portion of the amount on deposit in the Project Loan Account for completion of the Project, then such amounts on deposit in the Project Loan Account, which are amounts that have not been certified by an Authorized Officer of the Borrower as being required to complete the Project (“Excess Project Funds”), shall be applied as follows:

(i) If the Excess Project Funds are less than or equal to the greater of (A) $250,000 or (B) the amount of Loan Repayments due from the Borrower to the I-Bank in the next succeeding calendar
year, the Excess Project Funds shall be applied by the I-Bank toward the Borrower’s obligation to make the Loan Repayments next coming due; or

(ii) If the Excess Project Funds are greater than the greater of (A) $250,000 or (B) the amount of Loan Repayments due from the Borrower to the I-Bank in the next succeeding calendar year, the Excess Project Funds shall be applied by the I-Bank as a prepayment of the Borrower’s Loan Repayments, and shall be applied to the principal payments (including the premium, if any, associated with any optional or mandatory redemption of I-Bank Bonds) on the Loan in inverse order of their maturity.

SECTION 3.04. 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 or to any extent whatsoever while any I-Bank Bonds remain outstanding or any Loan Repayments remain unpaid, for any reason, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the I-Bank or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project, this Loan Agreement or the Bond Resolution, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might otherwise have against the I-Bank, the Trustee, or any other party or parties; provided, however, that payments hereunder shall not constitute a waiver of any such rights. The Borrower shall not be obligated to make any payments required to be made by any other Borrowers under separate Loan Agreements.

SECTION 3.05. Loan Agreement to Survive Bond Resolution and I-Bank Bonds. The Borrower acknowledges that its duties, covenants, obligations and agreements hereunder shall survive the discharge of the Bond Resolution applicable to the I-Bank Bonds and shall survive the payment of the principal and redemption premium, if any, of and the interest on the I-Bank Bonds until the Borrower can take no action or fail to take any action that could adversely affect the exclusion from gross income of the interest on the I-Bank Bonds for purposes of federal income taxation, at which time such duties, covenants, obligations and agreements hereunder shall, except for those set forth in Sections 3.06(a) and (b) hereof, terminate.

SECTION 3.07. Option to Prepay Loan Repayments. The Borrower may prepay the I-Bank Bond Loan Repayments, in whole or in part (but if in part, in the amount of $100,000 or any integral multiple thereof), upon prior written notice to the I-Bank and the Trustee not less than ninety (90) days in addition to the number of days’ advance notice to the Trustee required for any optional redemption of the I-Bank Bonds, and upon payment by the Borrower to the Trustee of amounts that, together with investment earnings thereon, will be sufficient to pay the principal amount of the I-Bank Bond Loan Repayments to be prepaid plus the Interest Portion described in clause (ii) of the definition thereof on any such date of redemption; provided, however, that any such full or partial prepayment may only be made (i) if the Borrower is not then in arrears on its Fund Loan, (ii) if the Borrower is contemporaneously making a full or partial prepayment of the Fund Loan such that, after the prepayment of the Loan and the Fund Loan, the I-Bank, in its sole discretion, determines that the interests of the owners of the I-Bank Bonds are not adversely affected by such prepayments, and (iii) upon the prior written approval of the I-Bank, and (iv) provided that the Borrower shall agree to pay all costs and expenses of the I-Bank in
connection with such prepayment, including, without limitation, the fees of Bond Counsel to the I-Bank and any other professional advisors to the I-Bank. In addition, if at the time of such prepayment the I-Bank Bonds may only be redeemed at the option of the I-Bank upon payment of a premium, the Borrower shall add to its prepayment of I-Bank Bond Loan Repayments an amount, as determined by the I-Bank, equal to such premium allocable to the I-Bank Bonds to be redeemed as a result of the Borrower's prepayment. Prepayments shall be applied first to the Interest Portion that accrues on the portion of the Loan to be prepaid until such prepayment date as described in clause (ii) of the definition thereof and then to principal payments (including premium, if any) on the Loan in inverse order of their maturity.

SECTION 3.08. Priority of Loan and Fund Loan. (a) The Borrower hereby acknowledges agrees that, to the extent permitted by law <or the Borrower Bond Resolution>, any repayments then due and payable on the Loan pursuant to this Loan Agreement and paid by the Borrower and any repayments then due and payable on the Fund Loan pursuant to the Fund Loan Agreement and paid by the Borrower shall be applied by the Trustee, first, to the payment obligations of the Borrower with respect to the Loan and, second, to the payment obligations of the Borrower with respect to the Fund Loan, all in a manner more specifically identified in subsection (b) hereof. The Borrower agrees not to interfere with any such action by the Trustee with respect to the application of repayments as set forth herein.

(b) The Borrower hereby further acknowledges and agrees that in the event the Borrower fails or is unable to pay promptly to the I-Bank in full any I-Bank Bond Loan Repayments pursuant to this Loan Agreement when due, then any (i) Administrative Fee paid hereunder, (ii) late charges paid hereunder, and (iii) loan repayments paid by the Borrower on its Fund Loan pursuant to its Fund Loan Agreement, any of which payments shall be received by the Trustee during the time of any such I-Bank Bond Loan Repayment deficiency, shall first be applied by the Trustee to satisfy such I-Bank Bond Loan Repayment deficiency as a credit against the obligations of the Borrower to make payments of the Interest Portion under the Loan and the Borrower Bond, second, to the extent available, to make I-Bank Bond Loan Repayments of principal hereunder and payments of principal under the Borrower Bond, third, to the extent available, to pay the Administrative Fee, fourth, to the extent available, to pay any late charges hereunder, fifth, to the extent available, to satisfy the repayment of the Borrower's Fund Loan pursuant to its Fund Loan Agreement, and, finally, to the extent available, to satisfy the repayment of any administrative fee pursuant to its Fund Loan Agreement.

(c) The Borrower hereby further acknowledges and agrees that any loan repayments paid by the Borrower on its Fund Loan pursuant to its Fund Loan Agreement shall be applied (i) according to the Bond Resolution and (ii) according to the provisions of the Master Program Trust Agreement.

SECTION 3.09. Approval of the New Jersey State Treasurer. The Borrower and the I-Bank hereby acknowledge that, prior to or simultaneously with the Loan Closing, the New Jersey State Treasurer, in satisfaction of the requirements of Section 9a of the Act, issued the “Certificate of the New Jersey State Treasurer Regarding the Approval of the I-Bank Loan and the Fund Loan” (the “Treasurer’s Certificate”). Pursuant to the terms of the Treasurer’s Certificate, the New Jersey State Treasurer approved the Loan and the terms and conditions thereof as established by the provisions of this Loan Agreement.

SECTION 4.01. Assignment and Transfer by I-Bank. (a) The Borrower hereby expressly acknowledges that, other than the provisions of Section 2.02(c)(ii) <or the I-Bank Bond Resolution> hereof, the I-Bank's right, title and interest in, to and under this Loan Agreement and the Borrower Bond have been assigned to the Trustee as security for the I-Bank Bonds as provided in the Bond Resolution, and that if any Event of Default shall occur, the Trustee or any Bond Insurer (as such term may be defined in the Bond Resolution), if applicable, pursuant to the Bond Resolution, shall be entitled to act hereunder in the place
and stead of the I-Bank. The Borrower hereby acknowledges the requirements of the Bond Resolution applicable to the I-Bank Bonds and consents to such assignment and appointment. This Loan Agreement and the Borrower Bond, including, without limitation, the right to receive payments required to be made by the Borrower hereunder and to compel or otherwise enforce observance and performance by the Borrower of its other duties, covenants, obligations and agreements hereunder, may be further transferred, assigned and reassigned in whole or in part to one or more assignees or subassignees by the Trustee at any time subsequent to their execution without the necessity of obtaining the consent of, but after giving prior written notice to, the Borrower.

The I-Bank shall retain the right to compel or otherwise enforce observance and performance by the Borrower of its duties, covenants, obligations and agreements under Section {2.02(c)(ii)}<2.02(d)(ii)> hereof; provided, however, that in no event shall the I-Bank have the right to accelerate the Borrower Bond in connection with the enforcement of Section {2.02(c)(ii)}<2.02(d)(ii)> hereof.

(b) The Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement and the Borrower Bond that the I-Bank deems to be necessary in connection with any refunding of the I-Bank Bonds or the issuance of additional bonds under the Bond Resolution or otherwise, all in connection with the pooled loan program of the I-Bank.

SECTION 4.02. Assignment by Borrower. Neither this Loan Agreement nor the Borrower Bond may be assigned by the Borrower for any reason, unless the following conditions shall be satisfied: (i) the I-Bank and the Trustee shall have approved said assignment in writing; (ii) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Borrower's duties, covenants, obligations and agreements under this Loan Agreement and, to the extent permitted under applicable law, the Borrower Bond; (iii) immediately after such assignment, the assignee shall not be in default in the observance or performance of any duties, covenants, obligations or agreements of the Borrower under this Loan Agreement or the Borrower Bond; and (iv) the I-Bank shall have received an opinion of Bond Counsel to the effect that such assignment will not adversely affect the security of the holders of the I-Bank Bonds or the exclusion of the interest on the I-Bank Bonds from gross income for purposes of federal income taxation under Section 103(a) of the Code.

SECTION 5.01. Events of Default. If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) failure by the Borrower to pay, or cause to be paid, any I-Bank Bond Loan Repayment required to be paid hereunder when due, which failure shall continue for a period of fifteen (15) days;

(b) failure by the Borrower to make, or cause to be made, any required payments of principal, redemption premium, if any, and interest on any bonds, notes or other obligations of the Borrower (other than the Loan and the Borrower Bond), after giving effect to the applicable grace period, the payments of which are secured by the Revenues of the Environmental Infrastructure System;

(c) failure by the Borrower to pay, or cause to be paid, the Administrative Fee or any late charges incurred hereunder or any portion thereof when due or to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in subsection (a) of this Section 5.01 or other than the obligations of the Borrower contained in Section {2.02(c)(ii)}<2.02(d)(ii)> hereof and in Exhibit F hereto, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the Trustee may not unreasonably
withhold its consent to an extension of such time up to 120 days from the delivery of the written notice referred to above if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Event of Default is corrected;

{(c)}<d> any representation made by or on behalf of the Borrower contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is false or misleading in any material respect;

{(d)}<e> 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 Loan Agreement 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 (including, without limitation, a receiver, liquidator or trustee, <{but not including a takeover by the Division of Local Government Services in the New Jersey Department of Community Affairs}> 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;

{(e)}<f> the Borrower shall generally fail to pay its debts as such debts become due; and

{(f)}<g> failure of the Borrower to observe or perform such additional duties, covenants, obligations, agreements or conditions as are required by the I-Bank and specified in Exhibit F attached hereto and made a part hereof.

SECTION 5.03. Remedies on Default. Whenever an Event of Default referred to in Section 5.01 hereof shall have occurred and be continuing, the Borrower acknowledges the rights of the Trustee and of any Bond Insurer to direct any and all remedies in accordance with the terms of the Bond Resolution, and the Borrower also acknowledges that the I-Bank shall have the right to take, or to direct the Trustee to take, any action permitted or required pursuant to the Bond Resolution and to take whatever other action at law or in equity may appear necessary or desirable 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.

In addition, if an Event of Default referred to in Section 5.01(a) hereof shall have occurred and be continuing, the I-Bank shall, to the extent allowed by applicable law and to the extent and in the manner set forth in the Bond Resolution, have the right to declare, or to direct the Trustee to declare, all Loan Repayments and all other amounts due hereunder (including, without limitation, payments under the Borrower Bond) together with the prepayment premium, if any, calculated pursuant to Section 3.07 hereof to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable without further notice or demand.

SECTION 5.05. Application of Moneys. Any moneys collected by the I-Bank or the Trustee pursuant to Section 5.03 hereof shall be applied (a) first, to pay any attorneys' fees or other fees and expenses owed by the Borrower pursuant to Section 5.04 hereof, (b) second, to the extent available, to pay the Interest Portion then due and payable, (c) third, to the extent available, to pay the principal due and payable on the Loan, (d) fourth, to the extent available, to pay the Administrative Fee, any late charges incurred hereunder or any other amounts due and payable under this Loan Agreement, and (e) fifth, to the extent available, to pay the Interest Portion and the principal on the Loan and other amounts payable hereunder as such amounts become due and payable.
SECTION 6.04. Amendments, Supplements and Modifications. Except as otherwise provided in this Section 6.04, this Loan Agreement may not be amended, supplemented or modified without the prior written consent of the I-Bank and the Borrower and without the satisfaction of all conditions set forth in Section 11.12 of the Bond Resolution. Notwithstanding the conditions set forth in Section 11.12 of the Bond Resolution, (i) Section 2.02(p) hereof may be amended, supplemented or modified upon the written consent of the I-Bank and the Borrower and without the consent of the Trustee, any Bond Insurer or any holders of the I-Bank Bonds, and (ii) Exhibit H hereto may be amended, supplemented or modified prior to the execution and delivery thereof as the I-Bank, in its sole discretion, shall determine to be necessary, desirable or convenient for the purpose of satisfying Rule 15c2-12 and the purpose and intent thereof as Rule 15c2-12, its purpose and intent may hereafter be interpreted from time to time by the SEC or any court of competent jurisdiction, and such amendment, supplement or modification shall not require the consent of the Borrower, the Trustee, any Bond Insurer or any holders of the I-Bank Bonds.

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SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

The following are excerpts of certain provisions of the form of the Continuing Disclosure Agreement, which form is attached to each Series 2018A-2 I-Bank Loan Agreement and made a part thereof. Unless otherwise indicated by the bracketed language set forth herein (which highlights the variations between certain provisions of the form of the Continuing Disclosure Agreement relevant for the Special Obligation Series 2018A-2 Borrowers and the corresponding provisions thereof relevant for the General Obligation Series 2018A-2 Borrowers), this summary applies equally in all other respects to each of the Special Obligation Series 2018A-2 Borrowers and the General Obligation Series 2018A-2 Borrowers. These excerpts are not to be considered a full statement of the terms of the form of the Continuing Disclosure Agreement and, accordingly, are qualified by reference thereto and are subject to the full text thereof. A copy of the Continuing Disclosure Agreement may be obtained from the I-Bank upon request. The section references listed below and the beginning of each excerpt reference particular sections of the Continuing Disclosure Agreement.

Section 1.2. Additional Definitions. The following additional terms shall have the meanings specified below:

"Annual Report" means Financial Statements and Operating Data provided at least annually with respect to the Local Unit [and the Underlying Government Unit].

"Bond Disclosure Event" means any event described in Section 2.6(a) of this Agreement.

"Bond Disclosure Event Notice" means the notice to each National Repository or to the MSRB and the State Depository, if any, as provided in Section 2.6(b) of this Agreement.

"Bondholder" or "Holder" or any similar term, when used with reference to the Bonds, means any person who shall be the registered owner of any outstanding Bonds, including holders of beneficial interests in the Bonds.

"Dissemination Agent" means an entity acting in its capacity as Dissemination Agent under this Agreement or any successor Dissemination Agent designated in writing by the Local Unit that has filed a written acceptance of such designation.

"Financial Statements" means the audited financial statements of the Local Unit [and the Underlying Government Unit] for each Fiscal Year, including, without limitation, balance sheets, statements of changes in fund balances and statements of current funds, revenues, expenditures and other charges or statements that convey similar information.

"Fiscal Year" means the fiscal year of the Local Unit as determined by the Local Unit from time to time pursuant to State law. As of the date of this Agreement, the Fiscal Year of the Local Unit begins on [MONTH] of each calendar year and closes on the following [MONTH].

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied, as modified by governmental accounting standards and mandated State statutory principles applicable to the Local Unit [or the Underlying Government Unit] as may be in effect from time to time.

"GAAS" means generally accepted auditing standards as in effect from time to time in the United States of America, consistently applied, as modified by governmental auditing standards and
mandated State statutory principles applicable to the Local Unit [or the Underlying Government Unit] as may be in effect from time to time.

"Local Unit Bond Disclosure Event" means any event described in Section 2.1(c) of this Agreement.

"Local Unit Bond Disclosure Event Notice" means the notice to the I-Bank as provided in Section 2.4(c) of this Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"National Repository" means a "nationally recognized municipal securities information repository" within the meaning of Rule 15c2-12. As of the date of this Agreement, the National Repositories are as designated by the SEC in accordance with Rule 15c2-12.

"OCBOA" means any other comprehensive basis of accounting as in effect from time to time in the State, consistently applied. This basis of accounting is designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds and is a comprehensive basis of accounting other than generally accepted accounting principles.

"Operating Data" means certain financial and statistical information of the Local Unit [and the Underlying Government Unit], which for purposes of this Agreement shall include the financial and statistical information, a copy of which is attached hereto as Exhibit A.

"Repository" means each National Repository and each State Depository, if any.

"Rule 15c-2-12" means the rule promulgated pursuant to the Securities Exchange Act of 1934 and codified at 17 C.F.R. 240.15c2-12, as the same may be further amended and supplemented from time to time or any successor provision thereto.

"State Depository" means any public or private repository or entity designated by the State as a state information depository for purposes of Rule 15c2-12. [As of the date of this Agreement, there is no State Depository].

["Underlying Government Unit" means [Name of Underlying Local Unit], which has entered into a service agreement with the Local Unit.]

Section 2.1. Continuing Disclosure Covenants of Local Unit. The Local Unit agrees that it will provide or, if the Local Unit has appointed or engaged a Dissemination Agent, shall cause the Dissemination Agent to provide:

(a) Not later than two hundred twenty-five (225) days after the end of each Fiscal Year, commencing with the first Fiscal Year of the Local Unit ending after January 1, [YEAR] (which is currently scheduled to end on [DATE]), an Annual Report to each Repository and to the I-Bank; provided, that [with respect to] the Financial Statements:

(i) the audited financial statements] of the Local Unit may be submitted separately from the balance of the Annual Report and later than the date required herein for the filing of the Annual Report if the [Financial Statements] [audited financial statements] of the Local
Unit are not available by that date, but only if the unaudited financial statements of the Local Unit are included in the Annual Report; 

(ii) the audited financial statements of the Underlying Government Unit may be submitted separately from the balance of the Annual Report and later than the date required herein for the filing of the Annual Report if the fiscal year of the Underlying Governmental Unit does not coincide with the Fiscal Year of the Local Unit; provided, that the audited financial statements of the Underlying Government Unit are submitted no later than two hundred twenty-five (225) days after the end of its fiscal year, except as provided in clause (iii) below; and 

(iii) the audited financial statements of the Underlying Government Unit may be submitted separately from the balance of the Annual Report and later than the date required herein for the filing of the audited financial statements of the Underlying Government Unit if the audited financial statements of the Underlying Government Unit are not available by that date, but only if the unaudited financial statements of the Underlying Government Unit are provided on the date required herein for the filing of the audited financial statements of the Underlying Government Unit].

(b) Not later than fifteen (15) days prior to the date of each Fiscal Year specified in Section 2.1(a) hereof, a copy of the Annual Report, complete to the extent required in Section 2.1(a) hereof, to the Trustee and the Dissemination Agent (if the Local Unit has appointed or engaged a Dissemination Agent).

(c) In a timely manner, not in excess of ten business days after the occurrence of the applicable event, to the I-Bank, notice of any of the following events with respect to the Local Unit Bond (each a "Local Unit Bond Disclosure Event"): 

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Local Unit Bond, or other material events affecting the tax status of the Bonds;

(vii) Modifications to the rights of the holder of the Local Unit Bond, if material;

(viii) Local Unit Bond calls, if material, and tender offers;

(ix) Local Unit Bond Defeasances;

(x) Release, substitution or sale of property securing repayment of the Local Unit Bond, if material;
(xi) Rating changes;

(xiii) Bankruptcy, insolvency, receivership or similar event of the Local Unit or the Underlying Government Unit;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Local Unit or the Underlying Government Unit, or the sale of all or substantially all of the assets of the Local Unit or the Underlying Government Unit other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor to the Local Unit’s Trustee, appointment of an additional Local Unit Trustee, or the change of name of the Local Unit’s Trustee, if material.

Section 2.2. Continuing Disclosure Representations of Local Unit. The Local Unit represents and warrants that:

(a) Financial Statements shall be prepared according to GAAP or OCBOA, as the case may be.

(b) Financial Statements shall be audited by an independent certified public accountant or a registered municipal accountant or such other accountant as shall be permitted or required under State law in accordance with GAAS or any other audit requirements prescribed by the Division of Local Government Services in the Department of Community Affairs of the State, as the case may be.

Section 2.4. Responsibilities and Duties of Local Unit, Dissemination Agent and Trustee. (a) If fifteen (15) days prior to the date specified in Section 2.1(a) hereof the Trustee has not received a copy of the Annual Report, complete to the extent required in Section 2.1(a) hereof, the Trustee shall contact the Local Unit to provide notice of the Local Unit's obligations pursuant to Sections 2.1(a), 2.1(b) and 2.4(d)(ii) hereof.

(b) If the Trustee, by the date specified in Section 2.1(a) hereof, has not received a written report from the Local Unit, as required by Section 2.4(d)(ii) hereof, indicating that an Annual Report, complete to the extent required in Section 2.1(a) hereof, has been provided to the Repositories and the I-Bank by the date specified in Section 2.1(a) hereof, the Trustee shall send a notice to each National Repository or to the MSRB and the State Depository, if any, in substantially the form attached hereto as Exhibit B together with any standard forms or cover sheets that may be required by the MSRB as of the date thereof, with a copy thereof to the I-Bank and the Local Unit.

(c) If the Local Unit has determined that a Local Unit Bond Disclosure Event has occurred, the Local Unit or the Dissemination Agent (if one has been appointed or engaged by the Local Unit) shall file promptly a notice of such occurrence with the I-Bank (the "Local Unit Bond Disclosure Event Notice") in a form determined by the Local Unit; provided, that the Local Unit Bond Disclosure Event Notice pertaining to the occurrence of a Local Unit Bond Disclosure Event described in Section 2.1(c)(viii) (Local Unit Bond calls) or 2.1(c)(ix) ( defeasances) hereof need not be given under this Section 2.4(c) any earlier than the time when the notice (if any) of such Local Unit Bond Disclosure Event shall otherwise be required to be given to the holder of the Local Unit Bond as provided in any resolution, ordinance or agreement of the Local Unit.
(d) The Local Unit shall or, if the Local Unit has appointed or engaged a Dissemination Agent, shall cause the Dissemination Agent to:

(i) determine each year, prior to the date for providing the Annual Report, the name and address of each National Repository and each State Depository, if any; and

(ii) by the date specified in Section 2.1(a) hereof, provide a written report to the Trustee and the I-Bank (and, if a Dissemination Agent has been appointed, to the Local Unit), upon which said parties may rely, certifying that the Annual Report, complete to the extent required in Section 2.1(a) hereof, has been provided pursuant to this Agreement, stating the date it was provided and listing all of the Repositories to which it was provided.

Section 2.6. Responsibilities and Duties of I-Bank. (a) The I-Bank agrees that it will provide, in a timely manner, not in excess of ten business days after the occurrence of the applicable event, to each National Repository or to the MSRB and the State Depository, if any, notice of any of the following events with respect to the Bonds (each a "Bond Disclosure Event"), with a copy of such notice to the Trustee and the Local Unit (for informational purposes only):

(i) Principal and interest payment delinquencies;

(xiv) Non-payment related defaults, if material;

(xv) Unscheduled draws on debt service reserves reflecting financial difficulties;

(xvi) Unscheduled draws on credit enhancements reflecting financial difficulties;

(xvii) Substitution of credit or liquidity providers or their failure to perform;

(xviii) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Local Unit Bond, or other material events affecting the tax status of the Bonds;

(xix) Modifications to the rights of the holder of the Local Unit Bond, if material;

(xx) Local Unit Bond calls, if material, and tender offers;

(xxi) Local Unit Bond Defeasances;

(xxii) Release, substitution or sale of property securing repayment of the Local Unit Bond, if material;

(xxiii) Rating changes;

(xxiv) Bankruptcy, insolvency, receivership or similar event of the Local Unit or the Underlying Government Unit;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Local Unit or the Underlying Government Unit, or the sale of all or substantially all of the assets of the Local Unit or the Underlying Government Unit other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or
the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor to the Local Unit’s Trustee, appointment of an additional Local Unit Trustee, or the change of name of the Local Unit’s Trustee, if material.

(b) If the I-Bank has determined that a Bond Disclosure Event has occurred, the I-Bank shall file promptly a notice of such occurrence with each National Repository or with the MSRB and the State Depository, if any (the "Bond Disclosure Event Notice"), in a form determined by the I-Bank together with any standard forms or cover sheets that may be required by the MSRB as of the date thereof; provided, that the Bond Disclosure Event Notice pertaining to the occurrence of a Bond Disclosure Event described in Section 2.6(a)(viii) (Bond calls) or 2.6(a)(ix) (defeasances) hereof need not be given under this Section 2.6(b) any earlier than the time when the notice (if any) of such Bond Disclosure Event shall be given to Holders of affected Bonds as provided in Sections 4.05 and 12.01 of the Resolution, respectively. The obligations of the I-Bank to provide the notices required under this Agreement are in addition to, and not in substitution of, any of the obligations (if any) of the Trustee to provide notices of events of default to Holders under Article IX of the Resolution. The I-Bank shall file a copy of each Bond Disclosure Event Notice with the Trustee and the Local Unit (for informational purposes only).

Section 3.1. Remedies. (a) The Trustee may, in reliance upon the advice of counsel (and at the request of the Holders of at least twenty-five percent (25%) in aggregate principal amount of outstanding Bonds, after the provision of indemnity in accordance with Section 10.05 of the Resolution, shall), or any Bondholder may, for the equal benefit and protection of all Bondholders similarly situated, take whatever action at law or in equity against the Local Unit or the I-Bank or any of their respective officers, agents and employees necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Local Unit and the I-Bank under this Agreement, and may compel the Local Unit or the I-Bank or any of their respective officers, agents or employees (except for the Dissemination Agent with respect to the obligations, agreements and covenants of the Local Unit) to perform and carry out their duties under this Agreement; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided, further, that any Bondholder, acting for the equal benefit and protection of all Bondholders similarly situated, may pursue specific performance only with respect to the failure to file Annual Reports, Local Unit Bond Disclosure Event Notices and Bond Disclosure Event Notices required by this Agreement and may not pursue specific performance in challenging the adequacy of Annual Reports that have been filed pursuant to the provisions hereof.

(b) In case the Trustee or any Bondholder shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Bondholder, as the case may be, then and in every such case the Local Unit, the I-Bank, the Trustee and any Bondholder, as the case may be, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Local Unit, the I-Bank, the Trustee and any Bondholder shall continue as though no such proceeding had been taken.

(c) Any failure by the I-Bank or the Local Unit to perform its respective obligations under this Agreement shall not be deemed an event of default under either the Resolution or the I-Bank Loan Agreement, as the case may be, and the sole remedy under this Agreement in the event of any failure by the I-Bank or the Local Unit to comply with this Agreement shall be as set forth in Section 3.1(a) hereof.
Section 4.2. I-Bank and Bondholders. (a) The I-Bank may enforce any such right, remedy or claim conferred, given or granted hereunder in favor of the Trustee or the Holders of the Bonds.

(b) Each Bondholder is hereby recognized as being a third-party beneficiary hereunder, and each may enforce, for the equal benefit and protection of all Bondholders similarly situated, any such right, remedy or claim conferred, given or granted hereunder in favor of the Trustee to the extent permitted in Section 3.1(a) hereof.

Section 4.9. Amendments, Changes and Modifications. (a) Except as otherwise provided in this Agreement, subsequent to the initial issuance of the Bonds and prior to their payment in full (or provision for payment thereof having been made in accordance with the provisions of the Resolution), this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto.

(b) Without the consent of any Bondholders, the Local Unit, the Trustee and the I-Bank at any time and from time to time may enter into any amendments or modifications to this Agreement for any of the following purposes:

(i) to add to the covenants and agreements of the Local Unit or the I-Bank hereunder for the benefit of the Bondholders or to surrender any right or power conferred upon the Local Unit or the I-Bank by this Agreement;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices or legal requirements followed by or applicable to the Local Unit, to reflect changes in the identity, nature or status of the Local Unit or in the business, structure or operations of the Local Unit or to reflect any mergers, consolidations, acquisitions or dispositions made by or affecting the Local Unit; provided, that any such modification shall not be in contravention of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity herein, to correct or supplement any provision hereof that may be inconsistent with any other provision hereof or to include any other provisions with respect to matters or questions arising under this Agreement, any of which, in each case, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12 as well as any changes in circumstances; provided, that prior to approving any such amendment or modification, the Trustee determines, in reliance upon an opinion of Bond Counsel (as defined in the Resolution) to the I-Bank, that such amendment or modification does not adversely affect the interests of the Holders of the Bonds in any material respect.

(c) Upon entering into any amendment or modification required or permitted by this Agreement that materially affects the interests of the Holders of the Bonds, the I-Bank shall deliver to each of the Repositories written notice of any such amendment or modification.

(d) The Local Unit, the Trustee and the I-Bank shall be entitled to rely exclusively upon an opinion of Bond Counsel to the I-Bank to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.9.

Section 4.10. Amendments Required by Rule 15c2-12. The Local Unit, the Trustee and the I-Bank each recognize that the provisions of this Agreement are intended to enable compliance with Rule
15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof or the promulgation of a successor rule, statute or regulation thereto, a change in this Agreement shall be permitted or necessary to assure continued compliance with Rule 15c2-12, upon delivery of an opinion of Bond Counsel to the I-Bank to the effect that such amendments shall be permitted or necessary to assure continued compliance with Rule 15c2-12 as so amended or interpreted, then the Local Unit, the Trustee and the I-Bank shall amend this Agreement to comply with and be bound by any such amendment to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12, and shall provide written notice of such amendment as required by Section 4.9(c) hereof.

Section 4.12. Termination of Continuing Disclosure Obligations. (a) The obligations of the Local Unit hereunder shall be in full force and effect from the date of issuance of the Bonds, and shall continue in effect until the date either (i) the Local Unit Bond is no longer outstanding in accordance with the terms of the documents under which it was issued, or (ii) the Local Unit no longer remains a material "obligated person" (as the term "obligated person" is defined in Rule 15c2-12, with materiality being determined by the I-Bank in its sole discretion pursuant to criteria set forth in the Resolution, the Notice of Sale, the Preliminary Official Statement and the Final Official Statement) with respect to the Bonds, and, in either event, only after the I-Bank delivers written notice to such effect to each National Repository or to the MSRB and the State Depository, if any.

(b) The obligations of the I-Bank hereunder shall be in full force and effect from the date hereof and shall continue in effect until the date the Bonds are no longer outstanding in accordance with the terms of the Resolution, and only after the I-Bank delivers written notice to such effect to each National Repository or to the MSRB and the State Depository, if any.

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SUMMARY OF THE SERIES 2018A-2 FUND LOAN AGREEMENTS

The following are excerpts of certain provisions of the Fund Loan Agreements executed in connection with the Fund Loans awarded to (i) those Borrowers that are municipalities (the "General Obligation Fund Loan Agreements") and (ii) those Borrowers that are municipal, county or regional sewerage, utilities or improvement authorities (the "Special Obligation Fund Loan Agreements"). Unless otherwise indicated by the bracketed language set forth below (which highlights the variations between certain corresponding provisions of the General Obligation Fund Loan Agreements and the Special Obligation Fund Loan Agreements), these excerpts apply equally in all other respects to both forms of the Fund Loan Agreements relating to the Series 2018 Financing Program and other Coverage Providing Financing Programs. Exceptions to a specific Fund Loan Agreement are delineated as follows: {General Obligation Fund Loan Agreement} and <Special Obligation Fund Loan Agreement>. In addition, certain language herein is bracketed ("["] if such language is applicable for Fund Loans funded from proceeds of State Bonds, and certain language herein is bracketed ("<") if such language is applicable for Principal Forgiveness Fund Loans. These excerpts are not to be considered a full statement of the terms of the General Obligation Fund Loan Agreements or the Special Obligation Fund Loan Agreements and, accordingly, are qualified by reference thereto and are subject to the full text thereof. In addition to the terms defined in Section 1.01 below, capitalized terms used in the Fund Loan Agreements shall, unless the context clearly requires otherwise, have the same meanings as such terms are given in the "SUMMARY OF THE BOND RESOLUTIONS" and "SUMMARY OF THE SERIES 2018A-2 'I-BANK LOAN AGREEMENTS". A copy of the General Obligation Fund Loan Agreements and the Special Obligation Fund Loan Agreements relating to the Series 2018 Financing Program and other Coverage Providing Financing Programs may be obtained from the I-Bank upon request. The section references listed below at the beginning of each excerpt reference particular sections of the General Obligation Fund Loan Agreements, which, unless otherwise noted, also correspond to the Special Obligation Fund Loan Agreements.

SECTION 1.01. Definitions. The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

"Administrative Fee" means an annual fee of up to one percent (1.0%) of the initial principal amount of the Loan or such lesser amount, if any, as may be authorized by any act of the New Jersey State Legislature and as the State may approve from time to time.

<"Bond Act" means, as applicable, (i) the Marine Protection, Research and Sanctuaries Act of 1972, 33 U.S.C. 1401 et seq., as the same may from time to time be amended and supplemented, (ii) the Water Supply Bond Act of 1981, P.L. 1981, c. 261, as the same may from time to time be amended and supplemented, (iii) the New Jersey Infrastructure Trust Act, P.L. 1985, c. 329, as the same may from time to time be amended and supplemented, (iv) the Stormwater Management and Combined Sewer Overflow Abatement Bond Act of 1989, P.L. 1989, c. 181, as the same may from time to time be amended and supplemented, and (v) the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992, P.L. 1992, c. 88, as the same may from time to time be amended and supplemented.>

<"CWSRF Loan" means that portion of the Loan made by the State from the loan program established pursuant to the Water Quality Act of 1987 to assist sponsors of wastewater treatment and stormwater management facilities to finance the cost of infrastructure improvement.>

"Department" means the New Jersey Department of Environmental Protection.
"DWSRF Loan" means that portion of the Loan made by the State from the loan program established to assist publicly owned and privately owned community drinking water systems and nonprofit noncommunity drinking water systems to finance the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act and to promote the public health objectives of said Act.}

"Event of Default" means any occurrence or event specified in Section 5.01 hereof.

"Federal Funds" means those funds awarded to the State pursuant to the Clean Water Act (33 U.S.C. §1251 et seq.) or the Safe Drinking Water Act (42 U.S.C. §300f et seq.), as the same may from time to time be amended and supplemented.

“I-Bank” means the New Jersey Infrastructure Bank (f/k/a the New Jersey Environmental Infrastructure Trust), a public body corporate and politic with corporate succession duly created and validly existing under and by virtue of P.L. 1985, c. 334, as amended (N.J.S.A. 58:11B-1 et seq.).

"I-Bank Loan" means the loan made to the Borrower by the I-Bank pursuant to the I-Bank Loan Agreement.

"I-Bank Loan Agreement" means the loan agreement by and between the Borrower and the I-Bank dated as of November 1, 2018 to finance or refinance a portion of the Cost of the Project.

"Loan" means the loan made by the State to the Borrower to finance or refinance a portion of the Cost of the Project pursuant to this Loan Agreement. For all purposes of this Loan Agreement, the principal amount of the Loan at any time shall be the amount of the loan commitment set forth in Exhibit A-2 attached hereto and made a part hereof (such amount being also specified as the initial aggregate principal amount of the Borrower Bond) less any amount of such principal amount that has been repaid by the Borrower under this Loan Agreement and less any adjustment made for low bid or final building costs pursuant to the provisions of N.J.A.C. 7:22-3.26 and the appropriations act of the New Jersey State Legislature authorizing the expenditure of moneys to finance a portion of the Cost of the Project.

"Loan Agreement" means this Loan Agreement, including the Exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

"Loans" means the loans made by the State to the Borrowers under the Loan Agreements from moneys on deposit in the State Fund.

"State Bonds" means State of New Jersey general obligation bonds authorized by the Bond Act and the related bond proceedings of the State of New Jersey, together with any refunding bonds executed and delivered pursuant thereto[,] in each case in order to finance or refinance the State Fund from which the amounts loaned to the Borrower pursuant to this Loan Agreement are taken].

"State Fund" means, as applicable, the Wastewater Treatment Fund, the 1992 Wastewater Treatment Fund, the Stormwater Management and Combined Sewer Overflow Abatement Fund or the Water Supply Fund as defined in and as established pursuant to the applicable Bond Act.

SECTION 2.02. Particular Covenants of Borrower.

(a) {Full Faith and Credit} <Revenue> Pledge. The Borrower {unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers} <irrevocably pledges the Revenues in accordance with the terms of and to the extent provided in the
Borrower Bond Resolution[, including, without limitation, moneys payable pursuant to the Service Agreement in respect of debt service on the Borrower Bond,] for the punctual payment of the principal of the Loan and the Borrower Bond and all other amounts due under this Loan Agreement and the Borrower Bond according to their respective terms.

(b) Performance Under Loan Agreement; Rates. The Borrower covenants and agrees (i) to comply with all applicable State of New Jersey and federal laws, rules and regulations in the performance of this Loan Agreement; (ii) to maintain its Environmental Infrastructure System in good repair and operating condition; (iii) to cooperate with the State in the observance and performance of the respective duties, covenants, obligations and agreements of the Borrower and the State under this Loan Agreement; and (iv) to establish, levy and collect rents, rates and other charges for the products and services provided by its Environmental Infrastructure System, which rents, rates and other charges{, together with any other moneys available for the purpose,} shall be at least sufficient <(A) to meet the operation and maintenance expenses of its Environmental Infrastructure System, (B)> to comply with all covenants pertaining thereto contained in, and all other provisions of, any bond {ordinance,} resolution, trust indenture or other security agreement, if any, relating to any bonds, notes or other evidences of indebtedness issued or to be issued by the Borrower{, to pay the debt service requirements on any such bonds, notes or other evidences of indebtedness, whether now outstanding or incurred in the future, secured by such Revenues and issued to finance improvements to the Environmental Infrastructure System and to make any other payments required by the laws of the State of New Jersey, (C) to generate funds sufficient to fulfill the terms of all other contracts and agreements made by the Borrower, including, without limitation, this Loan Agreement and the Borrower Bond, and (D) to pay all other amounts payable from or constituting a lien or charge on the Revenues of its Environmental Infrastructure System>.

(c) Revenue Obligation; No Prior Pledges. The Borrower shall not be required to make payments under this Loan Agreement except from the Revenues of its Environmental Infrastructure System and from such other funds of such Environmental Infrastructure System legally available therefor and from any other sources pledged to such payment pursuant to subsection (a) of this Section 2.02. In no event shall the Borrower be required to make payments under this Loan Agreement from any revenues or receipts not derived from its Environmental Infrastructure System or pledged pursuant to subsection (a) of this Section 2.02. Except for (i) loan repayments required with respect to the I-Bank Loan, (ii) the debt service on any future bonds of the Borrower issued at parity with the Borrower Bond under the Borrower Bond Resolution, and (iii) the debt service on any bonds, notes or evidences of indebtedness of the Borrower at parity with the Borrower Bond under the Borrower Bond Resolution and currently outstanding or issued on the date hereof, the Revenues derived by the Borrower from its Environmental Infrastructure System, after the payment of all costs of operating and maintaining the Environmental Infrastructure System, are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the obligation of the Borrower to make Loan Repayments under this Loan Agreement and the Borrower Bond, and all corporate or other action on the part of the Borrower to that end has been and will be duly and validly taken.

(d) Completion of Project and Provision of Moneys Therefor. The Borrower covenants and agrees (i) to exercise its best efforts in accordance with prudent environmental infrastructure utility practice to complete the Project and to accomplish such completion on or before the estimated Project completion date set forth in Exhibit G hereto and made a part hereof; (ii) to comply with the terms and provisions contained in Exhibit G hereto; and (iii) to provide from its own fiscal resources all moneys, in excess of the total amount of loan proceeds it receives under the Loan and I-Bank Loan, required to complete the Project.
Disposition of Environmental Infrastructure System. <{The Borrower shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System except on ninety (90) days' prior written notice to the State, and, in any event, shall not so sell, lease, abandon or otherwise dispose of the same unless [the following conditions are met: (i)]}> the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and thereunder to the purchaser or lessee of the Environmental Infrastructure System, and such purchaser or lessee shall assume all duties, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond <{; and (ii) if this Loan is funded from the proceeds of the State Bonds, the State shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not adversely affect the excludability from gross income for federal income tax purposes of the interest on State Bonds then outstanding or that could be issued in the future}>.

{i} The Borrower covenants and agrees that it shall not take any action or omit to take any action that would result in the loss of the exclusion of the interest on any State Bonds now or from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Code.

(ii) The Borrower shall not (A) permit any of the proceeds of the State Bonds loaned to the Borrower or the Project financed or refinanced with the proceeds of the State Bonds loaned to the Borrower to be used (directly or indirectly) in any manner that would constitute "private business use" within the meaning of Section 141(b)(6) of the Code, (B) use (directly or indirectly) any of the proceeds of the State Bonds loaned to the Borrower to make or finance loans to persons other than "governmental units" (as such term is used in Section 141(c) of the Code), or (C) use (directly or indirectly) any of the proceeds of the State Bonds loaned to the Borrower to acquire any "nongovernmental output property" within the meaning of Section 141(d)(2) of the Code.

(iii) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the State Bonds (or amounts replaced with such proceeds) or any other funds or take any action or omit to take any action that would cause the State Bonds (assuming solely for this purpose that the proceeds of the State Bonds loaned to the Borrower represent all of the proceeds of the State Bonds) to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(iv) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the State Bonds to pay the principal of or the interest or redemption premium on or any other amount in connection with the retirement or redemption of any issue of state or local governmental obligations ("refinancing of indebtedness") other than obligations owed to the I-Bank, unless the Borrower shall (A) establish to the satisfaction of the State that such refinancing of indebtedness will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the State Bonds, and (B) provide to the State an opinion of Bond Counsel to that effect in form and substance satisfactory to the State.

(v) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the State Bonds to reimburse the Borrower for an expenditure with respect to a Cost of the Project paid by the Borrower prior to the issuance of the State Bonds, unless (A) the allocation by the Borrower of the proceeds of the State Bonds to reimburse such expenditure complies with the requirements of Treasury Regulations §1.150-2 that are necessary in order to enable the
reimbursement allocation to be treated as an expenditure of the proceeds of the State Bonds for purposes of applying Sections 103 and 141-150, inclusive, of the Code, or (B) such proceeds of the State Bonds will be used for refinancing of indebtedness that was used to pay Costs of the Project or to reimburse the Borrower for expenditures with respect to Costs of the Project paid by the Borrower prior to the issuance of such indebtedness in accordance with a reimbursement allocation for such expenditures that complies with the requirements of Treasury Regulations §1.150-2.

(vi) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the State Bonds to pay, or refinance, Costs of the Project that do not constitute a “capital expenditure” within the meaning of Treasury Regulations §1.150-1.

(vii) The Borrower shall not issue any debt obligations that (A) are sold at substantially the same time as the State Bonds and finance or refinance the Loan made to the Borrower, (B) are sold pursuant to the same plan of financing as the State Bonds and finance or refinance the Loan made to the Borrower, and (C) are reasonably expected to be paid out of substantially the same source of funds as the State Bonds and finance or refinance the Loan made to the Borrower.

(viii) Neither the Borrower nor any "related party" (within the meaning of Treasury Regulations §1.150-1) shall purchase State Bonds in an amount related to the amount of the Loan.

(ix) The Borrower will not {invest amounts held in any} <have a} reserve or replacement fund {of the Borrower}{within the meaning of Section 148(d)(1) of the Code} {that are} allocable to the Borrower Bond evidencing the Loan {at a yield in excess of the yield on the State Bonds}.<\>

(ix) The Borrower has a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code), a portion of which is allocable to the Borrower Bond evidencing and securing the Loan. To the extent that amounts held in the Borrower’s reserve or replacement fund are allocable, under Treasury Regulations § 1.148.6, to the State Bonds such amounts shall be invested by the Borrower throughout the term of the Loan at a yield not in excess of the yield on the State Bonds, unless the Borrower receives prior written approval of the State.

(x) Computed as of the issue date of the Loan, the weighted average maturity of the Loan does not exceed 120% of the average reasonably expected economic life of the Project financed or refinanced with the Loan, determined in the same manner as under Section 147(b) of the Code. Accordingly, the term of the Loan will not be longer than is reasonably necessary for the governmental purposes of the Loan within the meaning of Treasury Regulations §1.148-1(c)(4).

(xi) The Borrower shall only enter into service contracts (including management contracts), with respect to any portion of the Project financed by the State Bonds, with a "governmental unit" (within the meaning of Section 141 of the Code) or only when any such contract (i) meets a safe harbor as set forth in Rev. Proc. 2016-44; (ii) the contract or agreement is entered into before August 18, 2017 and is not materially amended or modified after that date, meets a safe harbor set forth in Rev. Proc. 97-13, 1997-1 C.B. 632, as modified by Rev. Proc. 2001-39; 2001-2 C. B. 38, and amplified by Notice 2014-67; or (iii) meets a safe harbor contained in any successor guidance from the Internal Revenue Service, provided, that the Borrower delivers an opinion of Bond Counsel, in form and substance satisfactory to the State, to the effect that the entering into of such contracts by the Borrower will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the State Bonds.
(xvi) The Borrower shall, within thirty (30) days of date the Borrower concludes that no additional proceeds of the Loan will be required to pay Costs of the Project, provide to the I-Bank a certificate of the Borrower evidencing such conclusion.

For purposes of this subsection and subsection {(g)}<{(h)} of this Section 2.02, quoted terms shall have the meanings given thereto by Section 148 of the Code, including, particularly, Treasury Regulations §§1.148-1 through 1.148-11, inclusive, as supplemented or amended, to the extent applicable to the State Bonds, and any successor Treasury Regulations applicable to the State Bonds.}}>

{(f)}<{(g)} Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall, in accordance with prudent environmental infrastructure utility practice, (i) at all times operate the properties of its Environmental Infrastructure System and any business in connection therewith in an efficient manner, (ii) maintain its Environmental Infrastructure System in good repair, working order and operating condition, and (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to its Environmental Infrastructure System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted.

{(i)}<{(j)} Insurance. The Borrower shall maintain or cause to be maintained, in force, insurance policies with responsible insurers or self-insurance programs providing against risk of direct physical loss, damage or destruction of, or to, its Environmental Infrastructure System at least to the extent that similar insurance is typically carried, and considered commercially reasonably, by utilities constructing, operating and maintaining Environmental Infrastructure Facilities of the nature of the Borrower's Environmental Infrastructure System, including liability coverage, all to the extent available at reasonable cost but in no case less than will satisfy all regulatory requirements applicable to the Borrower and its Environmental Infrastructure System.

SECTION 3.01. Loan; Loan Term. (a) The State hereby agrees (i) to make the Loan as described in Exhibit A-2 attached hereto and made a part hereof, to the Borrower, and (ii) to disburse proceeds of the Loan to the Borrower in accordance with Section 3.02 and Exhibit C hereof, and the Borrower hereby agrees to borrow and accept the Loan from the State upon the terms set forth in Exhibit A-2 attached hereto and made a part hereof. The Borrower agrees that the aggregate principal amount set forth in Exhibit A-2 hereto shall constitute the initial principal amount of the Loan (as the same may be adjusted downward in accordance with the definition thereof), and the State shall have no obligation thereafter to loan any additional amounts to the Borrower.

(b) Notwithstanding the provisions of subsection (a) of this Section 3.01 to the contrary, the State shall be under no obligation (i) to make the Loan to the Borrower if (1) at the Loan Closing, the Borrower does not deliver to the State the Borrower Bond and such other documents as are required pursuant to Section 2.02(l) hereof, or (2) an Event of Default has occurred and is continuing pursuant to this Loan Agreement, or (ii) to disburse the proceeds of the Loan to the Borrower in accordance with Section 3.02 and Exhibit C hereof, unless each of the conditions precedent to such disbursement, as set forth in Section 3.02 hereof, have been satisfied in full. The State intends to disburse the proceeds of the Loan to the Borrower at the times and in the amounts set forth in Exhibit C hereof in order to pay a portion of the Costs of the Project, subject to compliance by the Borrower with the procedures for disbursement as set forth in Section 3.02 hereof; nevertheless, due to unforeseen circumstances, there may not be a sufficient amount on deposit in the State Fund on a given disbursement date in order for the State to make the disbursement in the amount indicated in Exhibit C hereof so as to satisfy a Loan disbursement request by the Borrower pursuant to the provisions of Section 3.02 hereof, in which case (1) the State shall have no obligation hereunder to make such disbursement until such time as sufficient funds are on deposit in the State Fund, and (2) the obligations of the Borrower hereunder shall not be affected.
(c) The Borrower shall have no legal or equitable interest in \{the proceeds of the State Bonds or in any amounts from time to time on deposit in the funds and accounts applicable to the State Bonds created by the Bond Act and the bond proceedings of the State of New Jersey authorizing the form, execution, issuance and delivery of the State Bonds;} > the Federal Funds received by and available to the State \{;\} or in moneys from repayments of loans previously made from \{the State Fund\} by the State.

(d) The Borrower shall use the proceeds of the Loan strictly in compliance with the provisions of Section 2.01(h) hereof.

(e) The payment obligations of the Borrower created pursuant to the terms of this Loan Agreement and the obligations of the Borrower to pay the principal of and other amounts due under the Borrower Bond are each \{direct, general, irrevocable and unconditional\} \{special\} obligations of the Borrower payable \{from any source legally available to the Borrower\} \{solely from the Revenues in accordance with the terms of and to the extent provided in the Borrower Bond Resolution\}, \{including, without limitation, the general tax revenues of the Borrower, and the Borrower shall, if necessary, levy ad valorem taxes upon all the taxable property within the Borrower for the payment of such obligations, without limitation as to rate or amount.\} \{, including, without limitation, moneys payable pursuant to the Service Agreement in respect of debt service on the Borrower Bond\}.

SECTION 3.02. Disbursement of Loan Proceeds. (a) The State shall disburse \{the amounts on deposit in the State Fund\} to the Borrower (i) upon receipt of a requisition executed by an Authorized Officer of the Borrower in a form satisfying the requirements of the Regulations, and (ii) consistent with the schedule for disbursement as set forth in Exhibit C hereof.

(b) The State shall not be under any obligation to disburse any Loan proceeds to the Borrower pursuant to this Loan Agreement, unless:

(i) the Loan Closing shall have occurred on the date established therefor by the State;

(ii) there shall be \{moneys\} available \{in the State Fund\} for disbursement, as determined by the State in its sole and absolute discretion;

(iii) in accordance with the "New Jersey Infrastructure Trust Act", P.L. 1985, c. 334, as amended (N.J.S.A. 58:11B-1 et seq.), and the Regulations, the Borrower shall have timely applied for, shall have been awarded and, prior to or simultaneously with the Loan Closing, shall have closed a I-Bank Loan for a portion of the Allowable Costs (as defined in such Regulations) of the Project, plus the amount of: (i) capitalized interest during the Project construction period, if any, (ii) the cost of funding reserve capacity for the Project, if any, as well as that portion of the Debt Service Reserve Fund (as defined in the I-Bank Loan Agreement) attributable to the cost of funding such reserve capacity for the Project, (iii) certain issuance expenses related thereto, including, if applicable, a municipal bond insurance policy premium, and (iv) an amount sufficient to pay the interest that accrued on the short-term loan by the I-Bank to the Borrower;

(iv) the Borrower shall have \{funds available\} \{on hand moneys\} to pay for (A) that portion of the total cost of the Project that is not eligible to be funded from the Loan or the I-Bank Loan, and/or (B) that portion of the total cost of the Project that exceeds the actual amounts of the loan commitments made by the State and the I-Bank, respectively, for the Loan and the I-Bank Loan; and
(v) no Event of Default nor any event that, with the passage of time or service of notice or both, would constitute an Event of Default shall have occurred and be continuing hereunder.

(c) Notwithstanding any provision of this Loan Agreement to the contrary, the State, at the request of the Borrower but at the sole discretion of the State, may disburse Loan proceeds to the Borrower from the State Fund either prior to or subsequent to the scheduled date for disbursement thereof as such scheduled date is identified in the disbursement schedule set forth in Exhibit C hereof, provided that (A) the Borrower has otherwise satisfied the requirements of this Section 3.02, and (B) such disbursement, in a manner that is inconsistent with the disbursement schedule as set forth in Exhibit C hereof, does not conflict with any restrictions set forth in the Regulations.

In the event that, in the submission of its requisition(s), the Borrower fails to comply with the disbursement schedule as set forth in Exhibit C hereof, and such non-compliance by the Borrower consists of (i) a failure to timely seek disbursement of Loan proceeds which failure results in an amount of non-disbursed funds, subsequent to the date on which such funds should have been disbursed pursuant to the disbursement schedule set forth in Exhibit C hereof, that, in the aggregate, represents twenty-five percent (25%) of the original principal amount of the Loan, or (ii) a failure to timely seek disbursement of Loan proceeds which failure results in an amount of funds disbursed earlier than the date on which such funds were scheduled to have been disbursed pursuant to the disbursement schedule set forth in Exhibit C hereof, that, in the aggregate, represents twenty-five percent (25%) of the original principal amount of the Loan, then the Borrower shall provide to the I-Bank and the Department a certificate of an Authorized Officer of the Borrower providing a revised disbursement schedule, in a form similar to Exhibit C hereto and approved by the Department. Any reference to Exhibit C in Section 3.01, Section 3.02 and Section 3.03A hereof shall mean Exhibit C as such exhibit may have been revised from time to time pursuant to the provisions of the preceding sentence.

SECTION 3.03. Amounts Payable. (a) The Borrower shall repay the Loan at zero-interest in principal installments payable to the Trustee semiannually on February 1 and August 1, commencing August 1, 201_, in accordance with the schedule set forth in Exhibit A-2 attached hereto and made a part hereof, as the same may be amended or modified by the State, in particular, without limitation, (i) as provided in paragraph (b) of this Section 3.03, and (ii) to make any adjustments to the amount of the Loan in accordance with the definition thereof; provided, however, that the amount of any reduction in the principal amount of the Loan pursuant to N.J.A.C. 7:22-3.26 shall be credited to the principal payments set forth in Exhibit A-2 in inverse order of their maturity. The obligations of the Borrower under the Borrower Bond shall be deemed to be amounts payable under this Section 3.03. Each payment made to the Trustee pursuant to the Borrower Bond shall be deemed to be a credit against the corresponding obligation of the Borrower under this Section 3.03, and any such payment made to the Trustee shall fulfill the Borrower's obligation to pay such amount hereunder and under the Borrower Bond. Each payment made to the Trustee pursuant to this Section 3.03 shall be applied to the principal of the Loan.

(b) Prior to the date on which the Borrower and the I-Bank execute and deliver the I-Bank Loan Agreement, the Loan shall be repaid in accordance with the schedule set forth in Exhibit A-2-1 hereto. On the date on which the Borrower and the I-Bank execute and deliver the I-Bank Loan Agreement, the State shall forgive a portion of the principal of the Loan, in the amount set forth in Exhibit B hereto. Subsequent to such date, the Loan shall be repaid in accordance with the schedule set forth in Exhibit A-2-2 hereto.

[[b]] [[c]] In addition to the principal payments on the Loan required by subsection (a) of this Section 3.03, the Borrower shall pay a late charge for any such payment that is received by the Trustee later than its due date in an amount equal to the greater of twelve percent (12%) per annum or the
Prime Rate plus one half of one percent per annum on such late payment from its due date to the date actually paid; provided, however, that such late charge payable on the Loan shall not be in excess of the maximum interest rate permitted by law.

In the event that the Borrower fails or is unable to pay promptly to the State in full any Loan Repayment when due, the Borrower shall take all measures permitted by its Service Agreement with the Underlying Government Unit to enforce prompt payment by the Underlying Government Unit of its obligations in accordance with the terms of the Service Agreement in order to satisfy such deficiency. The amount so paid to the Trustee shall be deemed to be a credit against the obligations of the Borrower under this Section 3.03, and any such payment made to the Trustee shall fulfill the Borrower's obligation to pay such amount under this Loan Agreement and the Borrower Bond. Each such payment so made to the Trustee shall be applied to the principal of the Loan.

In addition to the Loan Repayments payable under subsections (a) and (b) of this Section 3.03, the Borrower shall pay one-half of the Administrative Fee, if any, to the Trustee semiannually on each February 1 and August 1, commencing August 1, 201_.

SECTION 3.03A. Amounts on Deposit in Project Loan Account after Completion of Draw Schedule. (a) If, on the date which is one hundred eighty (180) days following the final date for which a disbursement of Loan proceeds is scheduled to be made pursuant to disbursement schedule contained in Exhibit C to the Fund Loan Agreement, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must provide to the I-Bank and the Department a certificate of an Authorized Officer of the Borrower (i) stating that the Borrower has not yet completed the Project, (ii) stating that the Borrower intends to complete the Project, (iii) setting forth the amount of remaining Loan Proceeds required to complete the Project, and (iv) providing a revised disbursement schedule, in a form similar to Exhibit C to the Fund Loan Agreement and approved by the Department.

(b) If, on the date which is one hundred eighty (180) days following the final date for which a disbursement of Loan proceeds is scheduled to be made pursuant to the revised disbursement schedule certified to the I-Bank and the Department in accordance with Section 3.03A(a) of the Fund Loan Agreement, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must provide to the I-Bank and the Department a certificate of an Authorized Officer of the Borrower (i) stating that the Borrower has not yet completed the Project, (ii) stating that the Borrower intends to complete the Project, (iii) setting forth the amount of remaining Loan Proceeds required to complete the Project, and (iv) providing a further revised draw schedule, in a form similar to Exhibit C hereto and approved by the Department.

(c) If (i) the Borrower fails to provide the certificate described in paragraphs (a) or (b) of this Section 3.03A, when due, or (ii) a certificate provided pursuant to paragraphs (a) or (b) of this Section 3.03A states that the Borrower does not require all or any portion of the amount on deposit in the Project Loan Account for completion of the Project, or (iii) on the date which is one hundred eighty (180) days following the final date on which a disbursement of Loan proceeds is scheduled to be made pursuant to a revised disbursement schedule certified to the I-Bank and the Department in accordance with Section 3.03A(b) hereof, any amounts remain on deposit in the Borrower’s Project Loan Account, then such amounts on deposit in the Project Loan Account, which are amounts that have not been certified by an Authorized Officer of the Borrower as being required to complete the Project (“Excess Project Funds”), be applied by the State as a prepayment of the Borrower’s Loan Repayments, and shall be applied to the principal payments (including premium, if any) on the Loan in inverse order of their maturity.

SECTION 3.04. 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 or to any extent whatsoever while any Loan Repayments remain unpaid, for any reason, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State of New Jersey or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the State to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project or this Loan Agreement, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might otherwise have against the State, the Trustee or any other party or parties; provided, however, that payments hereunder shall not constitute a waiver of any such rights. The Borrower shall not be obligated to make any payments required to be made by any other Borrowers under separate Loan Agreements.

SECTION 3.07. Option to Prepay Loan Repayments. The Borrower may prepay the Loan Repayments, in whole or in part, upon not less than ninety (90) days' prior written notice to the State; provided, however, that any such full or partial prepayment may only be made (i) if the Borrower is not then in arrears on its I-Bank Loan, (ii) if the Borrower is contemporaneously making a full or partial prepayment of the I-Bank Loan such that, after the prepayment of the Loan and the I-Bank Loan, the I-Bank gives its consent required under Section 3.07(iii) of the I-Bank Loan Agreement, and (iii) upon the prior written approval of the State. Prepayments shall be applied to the principal payments on the portion of the Loan to be prepaid in inverse order of their maturity.

SECTION 3.08. Priority of Loan and I-Bank Loan. (a) The Borrower hereby acknowledges and agrees that, to the extent permitted by law, any repayments then due and payable on the I-Bank Loan pursuant to the I-Bank Loan Agreement and paid by the Borrower and any repayments then due and payable on this Loan pursuant to this Loan Agreement and paid by the Borrower shall be applied by the Trustee, first, to the payment obligations of the Borrower with respect to the I-Bank Loan and, second, to the payment obligations of the Borrower with respect to this Loan, all in a manner more specifically identified in subsection (b) hereof. The Borrower agrees not to interfere with any such action by the Trustee with respect to the application of repayments as set forth herein.

(b) The Borrower hereby further acknowledges and agrees that, in the event the Borrower fails or is unable to pay promptly to the I-Bank in full any loan repayments on the I-Bank Loan pursuant to the I-Bank Loan Agreement, then any Loan Repayments paid by the Borrower on the Loan pursuant to this Loan Agreement and received by the Trustee during the time of any such loan repayment deficiency pursuant to the I-Bank Loan Agreement shall be applied by the Trustee, first, to satisfy such I-Bank Loan Agreement loan repayment deficiency as a credit against the obligations of the Borrower to make loan repayments of that portion of interest pursuant to the I-Bank Loan Agreement that is allocable to the interest payable on the I-Bank Bonds (as defined in the I-Bank Loan Agreement) and to make payments of that portion of interest pursuant to the bond issued by the Borrower to the I-Bank that is allocable to the interest payable on the I-Bank Bonds, second, to the extent available, to make loan repayments of principal pursuant to the I-Bank Loan Agreement and payments of principal on the bond issued by the Borrower to the I-Bank pursuant to the I-Bank Loan Agreement, third, to the extent available, to the payment of the administrative fee payable pursuant to the I-Bank Loan Agreement and to make payments of that portion of interest pursuant to the bond issued by the Borrower to the I-Bank that is allocable to the administrative fee payable pursuant to the I-Bank Loan Agreement, fourth, to the extent available, to the payment of late charges payable pursuant to the I-Bank Loan Agreement and to make payments of that portion of interest pursuant to the bond issued by the Borrower to the I-Bank that is allocable to the
late charges payable pursuant to the I-Bank Loan Agreement, and finally, to the extent available, to make Loan Repayments on the Loan.

(c) The Borrower hereby further acknowledges and agrees that any Loan Repayments paid by the Borrower on the Loan pursuant to this Loan Agreement shall be applied (i) according to Section 3(c) of the Bond Resolution and (ii) according to the provisions of the Master Program Trust Agreement.

SECTION 3.09. Approval of the New Jersey State Treasurer. The Borrower and the I-Bank hereby acknowledge that prior to or simultaneously with the Loan Closing, the New Jersey State Treasurer, in satisfaction of the requirements of Section 9a of the Act, issued the “Certificate of the New Jersey State Treasurer Regarding the Approval of the I-Bank Loan and the Fund Loan” (the “Treasurer’s Certificate”). Pursuant to the terms of the Treasurer’s Certificate, the New Jersey State Treasurer approved the Loan and the terms and conditions thereof as established by the provisions of this Loan Agreement.

SECTION 4.01. Assignment and Transfer by State. The Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement and the Borrower Bond that the State deems to be necessary in connection with the environmental infrastructure loan program of the State under the <{Bond Act, including [any refunding of the State Bonds or] the issuance of additional State Bonds}>.

SECTION 4.02. Assignment by Borrower. Neither this Loan Agreement nor the Borrower Bond may be assigned by the Borrower for any reason, unless the following conditions shall be satisfied: (i) the State shall have approved said assignment in writing; (ii) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Borrower’s duties, covenants, obligations and agreements under this Loan Agreement and, to the extent permitted under applicable law, the Borrower Bond; [and] (iii) immediately after such assignment, the assignee shall not be in default in the observance or performance of any duties, covenants, obligations or agreements of the Borrower under this Loan Agreement or the Borrower Bond <{[; and (iv) if the Loan was made from the proceeds of the State Bonds, the State shall have received an opinion of Bond Counsel to the effect that such assignment will not adversely affect the security of the holders of the State Bonds or the exclusion of the interest on the State Bonds from gross income for purposes of federal income taxation under Section 103(a) of the Code]}>

SECTION 5.01. Events of Default. If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) failure by the Borrower to pay, or cause to be paid, any Loan Repayment required to be paid hereunder when due, which failure shall continue for a period of fifteen (15) days;

(b) <failure by the Borrower to make, or cause to be made, any required payments of principal, redemption premium, if any, and interest on any bonds, notes or other obligations of the Borrower (other than the Loan and the Borrower Bond), after giving effect to the applicable grace period, the payments of which are secured by the Revenues of the Environmental Infrastructure System;
failure by the Borrower to pay, or cause to be paid, any late charges incurred hereunder or any portion thereof when due or to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in subsection (a) of this Section 5.01 or other than the obligations of the Borrower contained in Section 2.02(c)(ii) hereof and in Exhibit F hereto, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the State, unless the State shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the State may not unreasonably withhold its consent to an extension of such time up to 120 days from the delivery of the written notice referred to above if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Event of Default is corrected;

any representation made by or on behalf of the Borrower contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is false or misleading in any material respect;

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 Loan Agreement or thereafter enacted, and/or any proceeding with respect to such petition and/or pursuant to any such law shall occur or be pending (including, without limitation, the operation and administration of the Borrower pursuant to any plan of reorganization approved and implemented under any such law), unless in the case of any such petition filed against the Borrower or any such proceeding, 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 further jurisdiction of the court; or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee 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;

the Borrower shall generally fail to pay its debts as such debts become due; and

failure of the Borrower to observe or perform such additional duties, covenants, obligations, agreements or conditions as are required by the State and specified in Exhibit F attached hereto and made a part hereof.

SECTION 5.03. Remedies on Default. Whenever an Event of Default referred to in Section 5.01 hereof shall have occurred and be continuing, the State shall have the right to take whatever action at law or in equity may appear necessary or desirable 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.

In addition, if an Event of Default referred to in Section 5.01(a) hereof shall have occurred and be continuing, the State shall, to the extent allowed by applicable law, have the right to declare all Loan Repayments and all other amounts due hereunder (including, without limitation, payments under the Borrower Bond) to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable without further notice or demand.
SECTION 5.05. Application of Moneys. Any moneys collected by the State pursuant to Section 5.03 hereof shall be applied (a) first, to pay any attorneys' fees or other fees and expenses owed by the Borrower pursuant to Section 5.04 hereof, (b) second, to the extent available, to pay principal due and payable on the Loan <{[to the extent permitted by Section 3.08(d) hereof]}>, (c) third, to the extent available, to pay any other amounts due and payable hereunder, and (d) fourth, to the extent available, to pay principal on the Loan and other amounts payable hereunder as such amounts become due and payable.

SECTION 6.04. Amendments, Supplements and Modifications. This Loan Agreement may not be amended, supplemented or modified without the prior written consent of the State and the Borrower.
APPENDIX G

NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS
NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS

A. Introduction

New Jersey's local finance system is regulated by various statutes designed to assure that all municipal governments and municipal or county utilities and sewerage authorities remain on a sound financial basis. Regulatory and remedial statutes are enforced by the Division of Local Government Services (the "Division") in the Department of Community Affairs. The following summaries do not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

B. Municipal Financial Management

Set forth below is a summary of various statutory requirements relevant to the municipal budget process.

The Local Budget Law

State Budget Requirements: Under the Local Budget Law, constituting Chapter 4 of Title 40A of the New Jersey Statutes (the "Local Budget Law"), every municipality must adopt a budget for each fiscal year in the form required by the Division. Most municipalities in the State operate on a calendar fiscal year, i.e., from January 1 to December 31. By virtue of the enactment of Chapter 75 of the Pamphlet Laws of 1991 of the State, certain municipalities operate on a State fiscal year, i.e., July 1 to June 30. Items of revenue and appropriation are examined by the Director of the Division (the "Director") prior to final adoption of the budget. Revenue items are only permitted to be included in the budget in such amounts as may be reasonably expected to be realized in cash during the fiscal year. Appropriation items must be set forth in the form required by the Local Budget Law, and appropriations for certain purposes such as debt service, any preceding year's cash deficit and reserve for uncollected taxes are subject to the Director's approval in accordance with the requirements of the Local Budget Law. Upon adoption, the budget constitutes an appropriation for the purposes stated therein and an authorization of the amount to be raised by taxation. The amount to be raised by taxation as stated in the municipal budget shall be the amount to be raised by taxation for municipal purposes and for school purposes where school district costs are required to be included in the municipal budget.

The Director has no authority over individual operating appropriations unless a specific amount is required by law. However, the review functions, focusing on anticipated revenues, serve to protect the solvency of all local units.

The operating budgets of municipalities must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations. If in any year the municipality's expenditures exceed its realized revenues for that year, such excess (deficit) must then be raised in the succeeding year's budget.

Budget Process: The operating budget process includes submission of the budget to the governing body of the municipality, its approval by the governing body, its certification by the Director and its adoption thereafter by the governing body. The budget process usually consists of the review and, if appropriate, the modification of estimated appropriation requests of the operating directors and managers of the various municipal departments and agencies. Revenue estimates are made throughout the process to determine the amount of ad valorem taxes needed to balance the budget. Revenue estimates are provided by the various collecting agencies of the municipality and are based on previous years' receipts and instructions from the State as to what level of revenue to anticipate.
The governing body of each municipality is required to prepare and introduce an annual budget, after which it is advertised and reviewed at public hearings. Following introduction and initial approval of the budget, the governing body may amend the budget as it deems appropriate. If such amendments add a new item of appropriation in an amount in excess of 1% of the total amount of appropriations as stated in the approved budget, increase or decrease any item of appropriation by more than 10% or increase the amount to be raised by taxes by more than 5%, unless the same is made to include an emergency temporary appropriation only, the governing body must conduct a further public hearing with regard to such amendments. After the close of the hearing, and provided that the Director has approved the budget and any amendments thereto, the governing body may adopt the budget.

In order to provide for expenditures to be made in the period commencing with the beginning of a municipality's fiscal year and ending with adoption of the regular budget, temporary appropriations may be made by the governing body of the municipality through a resolution adopted within the first 30 days of the beginning of the municipality's fiscal year. Such temporary appropriations are normally made after the commencement of the fiscal year, and are generally limited to 25% of the total appropriations made for all purposes during the preceding fiscal year. Temporary appropriations required to be made for debt service, capital improvement funds and public assistance are not subject to this 25% limitation. All expenditures made against temporary appropriations must be provided for within the adopted budget.

Each municipality is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted. Municipalities operating on a calendar fiscal year must transmit a copy of their budget to the County Board not later than 15 days following the adoption of the budget. Municipalities operating on the State fiscal year must transmit a copy of their budget to the County Board not later than 5 days following the adoption of the budget. In the event that the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the County Board shall immediately notify the Director, who is authorized then to transmit to the County Board a certificate setting forth the amount required for the operation of the municipality for that fiscal year.

**Capital Budget:** In accordance with the Local Budget Law, each municipality must adopt and annually revise a six year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures that the municipality may contemplate over the six-year period. Expenditures for capital purposes may be made either by ordinances adopted by the governing body of the municipality setting forth the items and the method of financing (including the authorization of bonds) or from the annual operating budget if the items were detailed.

### The CAP Law

Sections 45.2 and 45.3 of Chapter 4 of Title 40A of the New Jersey Statutes (the "CAP Law") limit municipal expenditures. The CAP Law has been in effect since 1977 and has been amended several times. The CAP Law, as amended, generally limits increases of municipal appropriations over the previous year to no more than two and one-half percent (2.5%) or the index rate (the annual percentage increase in the U.S. Department of Commerce Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the year preceding the current year), whichever is less. However, certain expenditures, including, without limitation, expenditures for debt service, expenditures pursuant to any contract with respect to use, service or provision of any project, facility or public improvement for water or sewerage or payments on account of debt service therefore, expenditures mandated by federal or State law (after the effective date of the January 1, 1991 amendments) and capital expenditures, are excluded from the calculation of the permissible annual increase in municipal appropriations prescribed...
under the CAP Law. Further, two procedures exist under which a municipality may increase the total amount of its municipal appropriations in excess of the applicable limitation: (i) by approval of the voters of the municipality; or (ii) to a limited extent, by adoption of an ordinance authorizing appropriations in excess of the applicable limitation.

Additionally, legislation constituting P.L. 2007, c. 62, effective on April 3, 2007, as amended by P.L. 2010, c. 44, effective on July 13, 2010, further amending the CAP Law, imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include, without limitation, increases required to be raised for debt service as defined by law (which includes the Borrower Bonds), extraordinary costs directly related to a declared emergency, and certain increases in pension contributions and health care costs over 2%. Voters may approve increases over 2% not otherwise permitted, by a vote of a majority of the voters voting on a public question. These amendments to the CAP Law do not limit the obligation of a Local Unit Borrower to levy ad valorem taxes upon all taxable real property within the Local Unit Borrower to pay debt service on its bonds or notes (which includes its Borrower Bonds). In addition, pursuant to Local Finance Notice Number 2011-36, issued on December 12, 2011 by the Division, the Division has made a determination that the amounts required to be paid by a Participant to a Special Obligation Borrower pursuant to a Borrower Service Agreement and necessary for a Special Obligation Borrower to meet its debt service obligations with respect to its Borrower Bonds may be considered the equivalent of municipal debt service and shall be treated as such for all purposes pursuant to the CAP Law.

The Local Fiscal Affairs Law

The Local Fiscal Affairs Law, constituting Chapter 5 of Title 40A of the New Jersey Statutes (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. The chief financial officer of every municipality must file with the Director a verified statement of the financial condition of the municipality and all constituent boards, committees or commissions as of the close of each fiscal year. For municipalities operating on a calendar fiscal year, this statement must be filed by February 10 following the close of the fiscal year. For municipalities operating on a State fiscal year, this statement must be filed not later than 21 days after the close of the State fiscal year.

An independent examination of the municipality's books, financial transactions and accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the Director following the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

C. Municipal Indebtedness

The Local Bond Law

Pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), a municipality may incur indebtedness, borrow money and authorize and issue negotiable obligations for financing any capital improvement or property that it may lawfully acquire or for any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financing). The power and obligation of any municipality to pay any and all bonds and notes issued pursuant to the Local Bond Law, including the Local Unit Bond issued to the New Jersey Infrastructure Bank (the “I-Bank”) to evidence the Loan, is unlimited, and the municipality shall levy ad valorem taxes upon all of the taxable property
within its boundaries, without limitation as to rate or amount, for the payment of the principal of and interest on such bonds or notes. Each municipality is required to include the total amount of interest and debt redemption charges payable on all of its general obligation indebtedness in its annual budget for the forthcoming fiscal year.

Enforcement of a claim for payment of principal of or interest on bonds and notes of any municipality will be subject to applicable provisions of federal bankruptcy laws and to statutory provisions, if any, heretofore or hereafter enacted by the Congress of the United States or by the Legislature of the State. Under State law, a county, municipality or other political subdivision may file a petition for readjustment of its debts under federal bankruptcy laws, but only after first receiving approval of the Local Finance Board in the Department of Community Affairs (the "Board").

A municipality has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes. Moreover, a municipality's net debt may not exceed 3.5% of the equalized valuation basis (as defined in the Local Bond Law) unless authorized by the Board. The authorization and issuance of municipal debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof and other related matters, are statutory. A municipality is not required to submit the proposed incurrence of indebtedness to a public referendum.

A municipality authorizes and issues obligations by adoption of a bond ordinance. Bond ordinances must be finally approved by the recorded affirmative vote of at least two-thirds of the full membership of the governing body of the municipality. The Local Bond Law requires publication and, in certain instances, posting of the ordinance. In addition, a public hearing must be held prior to the final passage of the bond ordinance. Under certain circumstances, the Board is required to approve or endorse an ordinance, in which case, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty days after the first publication thereof after final adoption. At the conclusion of the twenty-day estoppel period, all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded, except for constitutional matters. Moreover, pursuant to the terms of the Local Bond Law, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale, execution or delivery of such obligations by the municipality.

Bonds issued by a municipality under the Local Bond Law must mature within the average period of the useful lives of the purposes for which such bonds were issued as determined from the date of issuance of the bonds. Subject to certain exceptions, the authorization of obligations must usually be accompanied by a cash down payment of not less than 5% of the amount of obligations authorized. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for said purpose or by emergency resolution pursuant to the Local Budget Law. Per recent amendment of the Local Bond Law in 2015, the down payment requirement is no longer applicable to the authorization of obligations which involve environmental infrastructure projects funded by loans from the "New Jersey Infrastructure Bank," created pursuant to Chapter 11 of Title 58 of the New Jersey Statutes ("Infrastructure Trust Act"), or the State, acting by and through the Department of Environmental Protection.

The Municipal Qualified Bond Act

Bonds issued by a municipality, with the approval of the Board, may be further secured as "Qualified Bonds" pursuant to the Municipal Qualified Bond Act, constituting Chapter 3 of Title 40A of the New Jersey Statutes (the "Municipal Qualified Bond Act"). Pursuant to the Municipal Qualified Bond Act, a portion of State aid (the "Municipal Qualified Revenues") allocated to a municipality in amounts
sufficient to pay debt service on its Qualified Bonds is to be withheld by the State Treasurer and forwarded to the paying agent with respect to such Qualified Bonds (the “Municipal Paying Agent”), on or before the principal and interest payment dates for such Qualified Bonds, for deposit into accounts established for the purpose of paying debt service on such Qualified Bonds.

The Municipal Qualified Bond Act provides that the Municipal Qualified Revenues so withheld and paid or to be paid and held by the Municipal Paying Agent are deemed to be held in trust and exempt from being levied upon, taken, sequestered, or applied toward paying the debts of the City other than the payment of debt service on such Qualified Bonds of the applicable municipality issued for municipal purposes, water utility purposes, sewer utility purposes, or parking utility purposes entitled to the benefits of the Municipal Qualified Bond Act.

The Municipal Qualified Bond Act does not relieve a municipality of the obligation to include in its annual budget amounts necessary to pay, in each year, the principal or and interest on any such Qualified Bonds. Such budgeted amounts must be used to pay debt service on any such Qualified Bonds of the municipality in any year in which sufficient Municipal Qualified Revenues are not appropriated by the State. The State has covenanted in the Municipal Qualified Bond Act with the holders of Qualified Bonds that the State will not repeal, revoke, rescind, modify, or amend the provisions of the Municipal Qualified Bond Act in such a manner as to create any lien or charge on, or pledge, assignment, diversion, withholding payment or other use of, or deduction from, the Municipal Qualified Revenues of a municipality, which is prior or superior in right to the payment of debt service on the Qualified Bonds of such municipality.

The Municipal Qualified Bond Act does not contain a pledge or guarantee that any amounts payable to a Municipal Paying Agent will, in fact, be made or continued. Each such annual amount is subject to appropriation by the State. Moreover, the State is not required to continue to make appropriations of such amounts, nor is the State limited or prohibited from repealing or amending any law heretofore enacted for the payment or apportionment of such amounts or in the manner, time, or amount thereof. Further, the amount payable to the Municipal Paying Agent pursuant to the Municipal Qualified Bond Act does not constitute an additional source of revenue available to the applicable municipality.

D. Local Financing Authorities

The Local Authorities Fiscal Control Law

Under the Local Authorities Fiscal Control Law, constituting Chapter 5A of Title 40A of the New Jersey Statutes (the "Authorities Law"), local financing authorities are subject to regulation by the Division and the Board. The Authorities Law provides for State oversight of financial operations and debt of independent local authorities. The Authorities Law applies to all autonomous local public authorities such as municipal utilities authorities and sewerage authorities created by municipalities and counties.

The Board exercises approval power over the creation of new authorities as well as over the dissolution of authorities. The Board also reviews, conducts public hearings and issues findings and recommendations regarding any proposed project financing of an authority and any service agreement between a local government and an authority. The Board may prescribe minimum audit requirements to be followed by authorities in the conduct of their annual audits. In addition, the Director reviews and approves annual budgets of authorities. Per recent legislation constituting P.L. 2015, c. 95, effective on August 10, 2015 in amendment of the Infrastructure Trust Act, notes and bonds to be issued by authorities and other local government units to the I-Bank and State pursuant to the Infrastructure Trust Act are to be approved by the Director, notwithstanding any provisions in the Authorities Law to the contrary.
The Sewerage Authorities Cap Law

Pursuant to P.L. 2017, C. 290, effective on January 16, 2018, the Sewerage Authorities Law (N.J.S.A. 40:14A-1 et seq.) was further amended to provide as follows. Notwithstanding the provisions of any other law to the contrary, the budget of every regional sewerage authority created pursuant to the Sewerage Authorities Law shall be subject to the following provisions:

1. “(a) The percentage of growth in the fee-funded appropriations in the annual budget of a regional sewerage authority shall not exceed two percent per year; and the amount billed to the customers of the authority, or the amount billed to a local unit for its proportional share of the authority’s expenses, as the case may be, shall not exceed that amount billed in the previous budget year to each customer or local unit, as the case may be, by more than two percent for a similar amount of use or service of the sewerage system. (b) A regional sewerage authority may add to the allowable growth in fee-funded appropriations in any one of the next three succeeding years, the amount of the difference between the maximum allowable increase in fee-funded appropriations for the current budget year pursuant to subparagraph (a) of this paragraph and the actual amount of fee-funded appropriations for the current budget year.”

2. “The percentage of growth in the fee-funded appropriations in the annual budget of a regional sewerage authority shall be determined without consideration of any amounts appropriated by the authority for: (a) [among others identified by the amendment,] capital expenditures, including payment of principal or interest on bonds [such as the applicable Borrower Bonds] authorized or issued pursuant to [the Sewerage Authorities Law]…."

3. “Notwithstanding the limitations imposed by paragraph (1)[, above], a regional sewerage authority may apply to the Local Finance Board for a waiver to increase rents, rates, fees and charges to levels sufficient to compensate for loss or revenues due to reductions in the use or service of the sewerage system.”
APPENDIX H

PROPOSED FORM OF APPROVING OPINION OF McCARTER & ENGLISH, LLP, BOND COUNSEL TO THE I-BANK, REGARDING THE SERIES 2018A-2 BONDS
Re: New Jersey Infrastructure Bank
Environmental Infrastructure Bonds, Series 2018A-2 (Green Bonds)

Dear Members:

We have acted as Bond Counsel to the New Jersey Infrastructure Bank (f/k/a the New Jersey Environmental Infrastructure Trust) (the “I-Bank”), a public body corporate and politic under the laws of the State of New Jersey (the “State”), created pursuant to the “New Jersey Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State, as amended and supplemented (the “Act”), in connection with the issuance by the I-Bank of its $___ aggregate principal amount of “Environmental Infrastructure Bonds, Series 2018A-2 (Green Bonds)” (the “Series 2018A-2 Bonds”). The Series 2018A-2 Bonds are being issued under and pursuant to (i) the Act, (ii) a bond resolution of the I-Bank adopted on September 13, 2018 and entitled “Environmental Infrastructure Bond Resolution, Series 2018A-2”, as the same may be amended from time to time in accordance with the terms thereof (the “Series 2018A-2 Resolution”), and (iii) other applicable law. Unless otherwise noted, capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Series 2018A-2 Resolution.

The Series 2018A-2 Bonds are being issued for the purpose of providing loan financing or refinancing for certain costs of environmental infrastructure projects undertaken by various New Jersey local government units (collectively, the “Series 2018A-2 Borrowers”). Each Series 2018A-2 Borrower has executed a loan agreement with the I-Bank, dated as of November 1, 2018, as the same may be amended from time to time in accordance with the terms thereof (each a “Series 2018A-2 Loan Agreement”), and the loan repayments due thereunder are pledged as security for the Series 2018A-2 Bonds. Additional security for the Series 2018A-2 Bonds is provided by, inter alia, the Coverage Providing Financing Programs, as defined in and pursuant to the Master Program Trust Agreement, dated as of November 1, 1995, as the same may be amended from time to time in accordance with the terms thereof (the “Master Program Trust Agreement”), by and among the I-Bank, the State, United States Trust Company of New York, as original master program trustee thereunder, The Bank of New York (NJ) (predecessor to The Bank of New York Mellon), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to U.S. Bank National Association), in several capacities thereunder, and as acknowledged and consented to by AMBAC Indemnity Corporation, Financial Guaranty Insurance Company and MBIA Insurance Corporation, as the same has been, and in the future may be, amended from time to time in accordance with the terms thereof. In accordance with 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, and entered into pursuant to the successor provisions set forth in the Master Program Trust Agreement, State Street Bank & Trust Company, N.A. (predecessor to U.S. Bank Trust National Association) became the master program trustee (the “Master Program Trustee”) as of November 1, 2001.
The I-Bank reserves the right to issue Additional Bonds, pursuant to the provisions of the Series 2018A-2 Resolution, for the purpose of refunding Outstanding Bonds. As provided in the Series 2018A-2 Resolution, any such Additional Bonds shall be secured equally as to security and payment with the Series 2018A-2 Bonds.

Simultaneously with the issuance of the Series 2018A-2 Bonds, the I-Bank, the Trustee (as hereinafter defined) and the Master Program Trustee have entered into that certain “I-Bank Continuing Disclosure Agreement”, dated as of November 1, 2018 (the “Continuing Disclosure Agreement”; the Series 2018A-2 Loan Agreements, the Master Program Trust Agreement and the Continuing Disclosure Agreement shall be referred to collectively herein as the “I-Bank Documents”), relating to the Series 2018A-2 Bonds.

The Series 2018A-2 Bonds are dated and shall bear interest from the date of issuance thereof, and will mature on September 1 in the years and in the principal amounts and bear interest at the respective rates per annum as provided therein and in the Series 2018A-2 Resolution.

Interest on the Series 2018A-2 Bonds is payable on March 1 and September 1 in each year, commencing September 1, 2019, by check or draft mailed by or, so long as DTC (as hereinafter defined) or its nominee is the registered owner of all of the Series 2018A-2 Bonds, by wire sent by ZB, National Association d/b/a Zions Bank (the “Trustee”). Principal of the Series 2018A-2 Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee.

The Series 2018A-2 Bonds are issued in fully registered form, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), an automated depository for securities and clearing house for securities transactions. Purchases of the Series 2018A-2 Bonds will be made in book-entry-only form (without certificates) in denominations of $5,000 each or any whole multiple thereof. So long as DTC or its nominee is the registered owner of the Series 2018A-2 Bonds, payments of the principal of and interest on the Series 2018A-2 Bonds will be made by the Trustee directly to Cede & Co., as nominee for DTC. Disbursement of such payments to the DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the Series 2018A-2 Bonds is the responsibility of the DTC participants.

The Series 2018A-2 Bonds maturing on or before September 1, 2028 will not be subject to redemption prior to their respective stated maturity dates. The Series 2018A-2 Bonds maturing on or after September 1, 2029 will be subject to redemption prior to their respective stated maturity dates, on or after September 1, 2028, at the option of the I-Bank, upon the terms set forth in the Series 2018A-2 Resolution, either in whole or in part, and if in part by lot within a 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 2018A-2 Bonds are subject to mandatory sinking fund redemption prior to their stated maturities, as provided in the Series 2018A-2 Resolution.] [The Series 2018A-2 Bonds are not subject to mandatory sinking fund redemption prior to their stated maturities.]

In our capacity as Bond Counsel to the I-Bank, we have examined the Constitution and statutes of the State, including, without limitation, the Act, and such documents, records of the I-Bank and other instruments as we have deemed necessary to enable us to express the opinions set forth below, including, without limitation, original counterparts or certified copies of the Series 2018A-2 Resolution, the I-Bank Documents, and the other documents, including, without limitation, certifications of the I-Bank, listed in the closing index relating to the Series 2018A-2 Bonds filed with the Trustee (the “Closing Index”). As to matters of fact, we have relied upon the representations and certifications of the I-Bank and, where we have deemed appropriate, representations or other certifications of public officials, as set forth in, inter alia, the I-Bank Documents, the Series 2018A-2 Resolution and the certifications of the I-Bank identified in the Closing Index. Further, in expressing such opinions, we have relied upon the genuineness, truthfulness and completeness of the resolutions, documents, representations, certifications, records and instruments referred to above.

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance and delivery of the Series 2018A-2 Bonds in order to assure that interest on the Series 2018A-2 Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. In their respective Series 2018A-2 Loan Agreements, each of the Series 2018A-2
Borrowers has made covenants with respect to its use and investment of proceeds of the Series 2018A-2 Bonds, and its use of the Project (as defined in the respective Series 2018A-2 Loan Agreements) financed or refinanced with proceeds of the Series 2018A-2 Bonds. In the “Tax Certificate as to Arbitrage and Instructions as to Compliance with Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended” (the “Series 2018 Tax Certificate”), which is being delivered by the I-Bank on the date hereof in connection with the issuance of the Series 2018A-2 Bonds (but which does not constitute a covenant under the Series 2018A-2 Resolution), the I-Bank represents that it expects and intends to be able to comply with and will, to the extent permitted by law, comply with the provisions and procedures set forth in the Series 2018 Tax Certificate and will do and perform all acts and things necessary or desirable in order to assure that, under the Code as currently in force, interest on the Series 2018A-2 Bonds will, for purposes of federal income taxation, be excluded from gross income of the owners thereof. We have assumed, with your permission, continuing compliance (i) by the I-Bank with the provisions and procedures set forth in the Series 2018 Tax Certificate and (ii) by the Series 2018A-2 Borrowers with their covenants as set forth in their respective Series 2018A-2 Loan Agreements, in rendering our opinion with respect to the exclusion of interest on the Series 2018A-2 Bonds from gross income for federal income tax purposes and with respect to interest on the Series 2018A-2 Bonds not constituting an item of tax preference.

Based upon and subject to the foregoing and, with your permission, the further assumptions and qualifications set forth below, it is our opinion that:

1. The I-Bank has been duly created and is validly existing as a public body corporate and politic under the provisions of the Constitution and statutes of the State, including, without limitation, the Act, with power to adopt the Series 2018A-2 Resolution, to enter into the I-Bank Documents and to issue the Series 2018A-2 Bonds.

2. The Series 2018A-2 Resolution has been duly and lawfully adopted by the I-Bank, is in full force and effect, is valid and binding upon the I-Bank, and is enforceable against the I-Bank in accordance with its terms, and no other authorization for the Series 2018A-2 Resolution is required. The Series 2018A-2 Resolution creates the valid pledge that it purports to create of the Trust Estate, including, without limitation, payments made to the I-Bank pursuant to the Series 2018A-2 Loan Agreements.

3. The Master Program Trust Agreement has been duly and lawfully authorized, executed and delivered by the I-Bank, is in full force and effect, and is a valid and binding agreement enforceable against the I-Bank in accordance with its terms, and no other authorization by the I-Bank for the Master Program Trust Agreement is required. The Master Program Trust Agreement creates the valid pledge that it purports to create of the moneys and securities on deposit in the Master Program Trust Account (as defined therein) (and all subaccounts therein) to the extent and for the purposes set forth in the Master Program Trust Agreement.

4. The Series 2018A-2 Loan Agreements and the Continuing Disclosure Agreement each have been duly and lawfully authorized, executed and delivered by the I-Bank, are in full force and effect, and are each valid and binding agreements enforceable against the I-Bank in accordance with their respective terms, and no other authorization by the I-Bank for any of the Series 2018A-2 Loan Agreements or the Continuing Disclosure Agreement is required.

5. The I-Bank is duly authorized and entitled to issue the Series 2018A-2 Bonds. The Series 2018A-2 Bonds have been duly and validly authorized and issued by the I-Bank in accordance with applicable law, including, without limitation, the Act, and in accordance with the Series 2018A-2 Resolution, are valid and binding obligations of the I-Bank enforceable against the I-Bank in accordance with their terms and the terms of the Series 2018A-2 Resolution, and are entitled to the benefits of the Series 2018A-2 Resolution and the Act. Neither the State 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 premium, if any, of or interest on the Series 2018A-2 Bonds, and neither the full 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 premium, if any, of interest on the Series 2018A-2 Bonds. The I-Bank has no taxing power.

6. Under existing law, interest on the Series 2018A-2 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Series 2018A-2 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative
minimum tax. We express no opinion regarding any other federal income tax consequences arising with respect to the Series 2018A-2 Bonds. Interest on the Series 2018A-2 Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

In rendering the opinions set forth above, we note that the enforceability of rights or remedies with respect to the Series 2018A-2 Resolution, the I-Bank Documents and the Series 2018A-2 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights or remedies herefore or hereafter enacted, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

In rendering the opinions contained in paragraph 3 above, we have relied, with your permission, upon the opinion, dated the date hereof, of independent counsel to the Master Program Trustee with respect to the due authorization, execution and delivery of the Master Program Trust Agreement by the Master Program Trustee.

In rendering the opinions contained in paragraphs 4 and 6 above, we have relied, with your permission, upon the respective opinions, dated the date hereof, of independent counsel to each of the Series 2018A-2 Borrowers with respect to (i) the due authorization, execution and delivery of the Series 2018A-2 Loan Agreements by each of such respective Series 2018A-2 Borrowers and (ii) certain legal consequences concerning the intended use by the Series 2018A-2 Borrowers of the proceeds of the loan financing provided by the I-Bank to such respective Series 2018A-2 Borrowers.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

Our engagement by the I-Bank with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of any laws or judicial decisions hereafter enacted or rendered that impact upon this opinion letter.

This opinion letter is being furnished solely to the person to whom this opinion letter is addressed and may not be relied upon by any other persons without our prior written consent. This is an opinion letter only and not a warranty or guaranty of the matters discussed herein.

We have examined an executed Series 2018A-2 Bond, and, in our opinion, the form of said Series 2018A-2 Bond and its execution are regular and proper.

Very truly yours,
APPENDIX I

GLOSSARY OF TERMS
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Allowable Costs................................................................................................................................................. 4
Amending Statute ................................................................................................................................................... 5
Annual Charges ....................................................................................................................................................... 22
Annual Report ....................................................................................................................................................... 31
Audited Financial Statements .............................................................................................................................. 36
Auditor.................................................................................................................................................................. 36
Authorities Laws................................................................................................................................................... 21
Authority Borrowers ............................................................................................................................................ 21
Bankruptcy Code .................................................................................................................................................. 33
BCIA-EnCap Bonds ............................................................................................................................................. 18
Beneficial Owner .................................................................................................................................................. 16
Bond Counsel ........................................................................................................................................................ 35
Bond Resolution .................................................................................................................................................. 10
Bonds .................................................................................................................................................................... 10
Borrower Bond Resolutions ................................................................................................................................. 11
Borrower Bonds .................................................................................................................................................... 11
Borrower Continuing Disclosure Agreement .................................................................................................... 11
Borrower Fund Loan Bond Resolutions ............................................................................................................ 31
Borrower Fund Loan Bonds ................................................................................................................................ 11
Borrower Guaranties ............................................................................................................................................ 23
Borrower Guarantors ........................................................................................................................................... 23
Borrower I-Bank Loan Bond Resolutions ........................................................................................................... 10
Borrower I-Bank Loan Bonds .............................................................................................................................. 10
Borrower Service Agreements ............................................................................................................................ 21
Borrowers .............................................................................................................................................................. 4
Business Corporation Law ................................................................................................................................. 22
CFP Note .............................................................................................................................................................. 9
Code................................................................................................................................................................. 35
Commission Act .................................................................................................................................................. 34
Construction Financing Program ......................................................................................................................... 2
Continuing Disclosure Agreements .................................................................................................................... 32
County Improvement Authorities Law ............................................................................................................... 21
Coverage Providing Financing Programs ........................................................................................................... 18
Coverage Receiving Bonds ................................................................................................................................ 19
Department ........................................................................................................................................................ 2
Department Regulations .................................................................................................................................... 8
DTC ................................................................................................................................................................. 14
DTC Direct Participants ...................................................................................................................................... 15
DTC Indirect Participants .................................................................................................................................. 16
DTC Participants ................................................................................................................................................. 16
DTCC ............................................................................................................................................................... 16
Federal Regulations ............................................................................................................................................. 8
Financing Programs ........................................................................................................................................... 7
Fitch ................................................................................................................................................................... 36
Fund Loan .......................................................................................................................................................... 2
Fund Loan Agreement ......................................................................................................................................... 11
Future Bonds ....................................................................................................................................................... 19
General Obligation Series 2018A-2 Borrowers ................................................................................................. 26
Government Borrower Guaranties ....................................................................................................................... 22
Government Borrower Guarantors ..................................................................................................................... 22
Government Guaranty Payments ....................................................................................................................... 22
Governor .............................................................................................................................................................. 6