

RESOLUTION NO. 20-03

RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY

TITLE:

RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY-GUARANTEED GOVERNMENTAL LOAN REVENUE BONDS, SERIES 2020 (ROCKAWAY BOROUGH BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY AND DETERMINING OTHER MATTERS RELATED THERETO

Adopted January 15, 2020

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 101. Definitions.....	3
Section 102. Successors and Assigns.....	12
Section 103. Parties Interested Herein.....	12
Section 104. Severability of Invalid Provisions.....	12
Section 105. Applicable Law.....	12
Section 106. Short Title.....	12

ARTICLE II

DETERMINATIONS BY AND OBLIGATIONS OF AUTHORITY

Section 201. Authority for Resolution.....	13
Section 202. Resolution to Constitute Contract.....	13
Section 203. Obligation of Bonds.....	13

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 301. Authorization of Bonds.....	14
Section 302. Particular Terms of Bonds.....	14
Section 303. General Terms of Bonds.....	14
Section 304. Book-Entry System.....	15
Section 305. Execution of Bonds.....	16
Section 306. Authentication of Bonds.....	17
Section 307. Interchangeability of Bonds.....	17
Section 308. Registration of Registered Bonds and Agency Therefor.....	17
Section 309. Transfer of Registered Bonds.....	17
Section 310. Ownership of Bonds and Effect of Registration.....	18
Section 311. Re-issuance of Mutilated, Destroyed, Stolen or Lost Bonds.....	18
Section 312. Regulations with Respect to Registrations, Exchanges and Transfers.....	18
Section 313. No Recourse on Bonds.....	19
Section 314. Temporary Bonds.....	19
Section 315. Issuance of Each Series of Bonds and Disbursement of Proceeds of Sale and Other Funds.....	19
Section 316. Conditions Precedent to Issuance of Each Series of Bonds.....	20
Section 317. Purposes, Authorization and Description of Additional Bonds.....	23
Section 318. Conditions Precedent to Issuance of Additional Bonds.....	24

ARTICLE IV

ACQUISITION FUND

Section 401. Establishment of Acquisition Fund.....28
Section 402. Purpose of Acquisition Fund28
Section 403. Payments from Acquisition Fund28
Section 404. Interim Investment of Acquisition Fund.....28
Section 405. Disposition of Balance in Acquisition Fund.....28

ARTICLE V

REVENUES AND FUNDS

Section 501. Establishment of Funds.....30
Section 502. Pledge Securing Bonds30
Section 503. Deposit of Revenues and Other Payments.....31
Section 504. Periodic Withdrawals From Revenue Fund.....31
Section 505. Application, Investment and Restoration of Bond Service Fund32
Section 506. Application, Investment and Restoration of Sinking Fund.....34
Section 507. Application and Investment of Bond Reserve Fund36
Section 508. Application and Investment of County Repayment Fund.....37
Section 509. Operating Fund38
Section 510. Application and Investment of General Fund.....39
Section 511. Application and Investment of Rebate Fund40
Section 512. Funds Held for Payment of Bonds.....40
Section 513. Cancellation of Bonds.....41
Section 514. Assignment of Local Unit Bond41
Section 515. Assignment of Bond Guaranty.....41
Section 516. Satisfaction of Local Unit Bond41

ARTICLE VI

PARTICULAR COVENANTS OF AUTHORITY

Section 601. General.....42
Section 602. Payment of Bonds.....42
Section 603. Offices for Servicing Bonds.....42
Section 604. Amount of Revenues.....42
Section 605. Sale or Encumbrance42
Section 606. Creation of Liens; Subordinated Indebtedness42
Section 607. Arbitrage and Tax Provisions43
Section 608. Annual Budget43
Section 609. Accounts and Audit.....43
Section 610. Further Assurances.....44
Section 611. Conditions Precedent44

ARTICLE VII

REDEMPTION OF BONDS

Section 701. Privilege of Redemption and Redemption Prices45
Section 702. Selection of Bonds to be Redeemed by Lot.....45
Section 703. Notice of Redemption45
Section 704. Authority's Election to Redeem46
Section 705. Payment of Redeemed Bonds46
Section 706. Alternate Redemption Provisions46

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 801. Supplemental Resolutions Effective Upon Adoption48
Section 802. Supplemental Resolutions Effective Upon Filing.....48
Section 803. Supplemental Resolutions Effective Upon Consent of Trustee.....49
Section 804. Supplemental Resolutions Effective with Consent of Bondholders49
Section 805. Restriction on Amendments.....49
Section 806. Adoption and Filing of Supplemental Resolutions50
Section 807. Authorization to Trustee50
Section 808. No Modification of Duties and Obligations of Fiduciary or Issuer of
Credit Facility50

ARTICLE IX

AMENDMENTS

Section 901. Mailing; Application of Article51
Section 902. Powers of Amendment.....51
Section 903. Consent of Bondholders.....51
Section 904. Modification by Unanimous Action53
Section 905. Exclusion of Bonds53
Section 906. Notation on Bonds53
Section 907. Contracts or Indentures53
Section 908. No Modification of Duties and Obligations of Fiduciary or Issuer of
Credit Facility54

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 1001. Events of Default55
Section 1002. Remedies Upon an Event of Default55
Section 1003. Rights of Bondholders56

Section 1004. Rights of Bondholders to Direct Proceedings.....	56
Section 1005. Application of Moneys	56
Section 1006. Remedies Vested in Trustee.....	57
Section 1007. Rights and Remedies of Bondholders.....	57
Section 1008. Termination of Proceedings	58
Section 1009. Waivers of Defaults	58
Section 1010. Opportunity of Authority to Cure Defaults.....	59
Section 1011. Notice of Events of Default	59
Section 1012. Issuer of Credit Facility or Bond Reserve Credit Facility Treated as Holder of Bonds	59

ARTICLE XI

TRUSTEE, PAYING AGENT AND REGISTRAR

Section 1101. Appointment of Trustee	60
Section 1102. Appointment of Paying Agents, Registrar and Securities Depository.....	60
Section 1103. Responsibilities of Fiduciaries	61
Section 1104. Held in Trust	62
Section 1105. Deposit and Security of Funds.....	62
Section 1106. Evidence Supporting Action	63
Section 1107. Compensation	63
Section 1108. Certain Permitted Acts.....	63
Section 1109. Resignation of Fiduciary.....	64
Section 1110. Removal	64
Section 1111. Appointment of Successor Fiduciary.....	64
Section 1112. Transfer of Rights to Successor Fiduciary.....	65
Section 1113. Merger or Consolidation	65
Section 1114. Adoption of Authentication	66

ARTICLE XII

MISCELLANEOUS

Section 1201. Defeasance	67
Section 1202. Unclaimed Funds	68
Section 1203. Evidence of Signatures of Bondholders and Ownership of Bonds.....	68
Section 1204. Execution of Payment Documents.....	69
Section 1205. Preservation and Inspection of Documents.....	69
Section 1206. Regulations Regarding Investment of Funds.....	69
Section 1207. Form of Bonds; Certificate of Authentication	70
Section 1208. Effective Date	76

ARTICLE XIII

PROVISIONS CONCERNING LOCAL UNIT BOND

Section 1301. Terms and Conditions for Local Unit Bond77
Section 1302. Form of Local Unit Bond.....77
Section 1303. Delivery of Documents in Connection with Local Unit Bond77
Section 1304. Default Under Local Unit Bond.....77
Section 1305. Trustee's Obligations.....78
Section 1306. Termination of Local Unit Bond.....78
Section 1307. Files.....79
Section 1308. County Guaranty79
Section 1309. Subrogation of County to Bondholders80

RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY-GUARANTEED GOVERNMENTAL LOAN REVENUE BONDS, SERIES 2020 (ROCKAWAY BOROUGH BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY AND DETERMINING OTHER MATTERS RELATED THERETO

WHEREAS, the Morris County Improvement Authority (including any successors and assigns, the "*Authority*") has been duly created by resolution no. 42 entitled, "Resolution of the Board of Chosen Freeholders of Morris County, New Jersey Creating the Morris County Improvement Authority" duly adopted by the Board of Chosen Freeholders (the "*Board*") of the County of Morris (the "*County*"), in the State of New Jersey (the "*State*"), on April 10, 2002, as a public body corporate and politic of the State pursuant to and in accordance with the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State and the acts amendatory thereof and supplemental thereto (the "*Act*"); and

WHEREAS, the County has created the Authority for the express purpose, among other things, of facilitating the development and financing of public facilities and development projects within the County; and

WHEREAS, pursuant to the terms of the Act, the Authority is authorized to provide public facilities, as such term is defined therein, within the County, including the financing of the acquisition of same; and

WHEREAS, the Board of Education of the Borough of Rockaway in the County of Morris, New Jersey (the "*Local Unit*") has determined to undertake a school facilities project consisting of the renovation/upgrade and expansion of Lincoln Elementary School and the renovation of Thomas Jefferson Middle School (collectively, the "*Project*"); and

WHEREAS, on September 24, 2020, the voters of the Borough of Rockaway approved the bond referendum of the Local Unit, which bond referendum authorized the Project, all at a cost not to exceed \$12,480,000; and

WHEREAS, the Local Unit proposes to issue not-to-exceed \$12,480,000 of school bonds, and if in the best interest of the Local Unit, temporary notes in anticipation of such school bonds (together, the "*Local Unit Bond*"), the proceeds of which will be used by the Local Unit to finance the design, construction, equipping and furnishing of the Project; and

WHEREAS, the Local Unit has requested the Authority's assistance in the acquisition, design, construction, equipping, furnishing and financing of the Project; and

WHEREAS, the Project constitutes a "public facility" as such term is defined in the Act; and

WHEREAS, in order to finance the acquisition, design, construction, equipping and furnishing of the Project, the Authority will issue bonds in one or more series, including renewals, if any, in an aggregate principal amount not to exceed \$12,480,000 to be designated as "County Guaranteed Governmental Loan Revenue Bonds, Series 2020 (Rockaway Borough

Board of Education Project) " (inclusive of any project notes issued in anticipation thereof, the "Bonds"); and

WHEREAS, the Bonds will be issued pursuant to the terms of the Act, other applicable law and this bond resolution of the Authority entitled, "Resolution Authorizing the Issuance of County Guaranteed Governmental Loan Revenue Bonds, Series 2020 (Rockaway Borough Board of Education Project) of the Morris County Improvement Authority and Determining Other Matters Related Thereto" (as the same may be amended or supplemented from time to time in accordance with its terms, this "*Resolution*"); and

WHEREAS, the Authority will use proceeds from the sale and issuance of the Bonds to, among other things, purchase the Local Unit Bond from the Local Unit pursuant to a bond purchase agreement to be dated the date of sale of the Bonds and convey the proceeds of the Bonds to the Local Unit for use by the Local Unit to finance the design, construction, equipping and furnishing of the Project; and

WHEREAS, the Local Unit Bond has been authorized by and is issued pursuant to the laws of the State of New Jersey, including Title 18A, Education, Chapter 24 of the New Jersey Statutes, Chapter 271 of the Laws of 1967, as amended and supplemented, a proposal adopted by the Local Unit on June 18, 2019 and approved by the affirmative vote of a majority of the legal voters present and voting at a special school district election held on September 24, 2019 and a resolution duly adopted by the Local Unit in accordance with applicable law (collectively, the "*Local Unit Bond Proceedings*"); and

WHEREAS, the Local Unit will make principal and interest payments on the Local Unit Bond to the Authority, as holder of the Local Unit Bond, in amounts sufficient to provide for, among other things, the principal of (including sinking fund installments, if any) and interest due on the Bonds; and

WHEREAS, to provide an inducement to the prospective purchasers of the Bonds to purchase same and to provide additional security to the holders thereof, the County will in accordance with N.J.S.A. 40:37A-80, fully, unconditionally and irrevocably guaranty the payment of the principal, when due, of (including sinking fund installments, if any) and interest on the Bonds in an aggregate principal amount not to exceed \$12,480,000 in accordance with the terms of a guaranty ordinance of the County finally adopted by the Board on January 22, 2020 (the "*County Guaranty*") as evidenced by a guaranty agreement by and between the County and the Authority (the "*Guaranty Agreement*") and a guaranty certificate to be executed by an authorized County representative on the face of each Bond (collectively, the "*Bond Guaranty*"), all pursuant to Section 37 of the Act (N.J.S.A. 40:37A-80); and

WHEREAS, in accordance with Section 13 of the Act (N.J.S.A. 40:37A-56), prior to the issuance of the Bonds, the Authority will have made a detailed report to the Board, which report will include, without limitation, the Resolution, the Bonds and the Bond Guaranty; and

NOW THEREFORE, BE IT RESOLVED BY THE MORRIS COUNTY IMPROVEMENT AUTHORITY, AS FOLLOWS:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 101. Definitions. The following terms used as defined terms herein shall, unless the context clearly requires otherwise, have the meanings set forth below:

"*Accountant*" means any registered municipal accountant of the State of New Jersey or a certified public accountant of the State of New Jersey, who, in either case, may be the accountant or a member of a firm of accountants who regularly audit the books and accounts of the Authority, as selected by the Authority from time to time.

"*Act*" means the County Improvement Authorities Law, constituting Chapter 183 of the Laws of New Jersey of 1960 and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40:37A-44 *et seq.*).

"*Acquisition Fund*" shall mean the fund so designated that has been herein established and created by the Authority pursuant to the terms of Section 401 hereof.

"*Additional Bond*" or "*Additional Bonds*" means any bond or bonds of the Authority that are authorized and issued pursuant to the terms of Sections 317 and 318 hereof.

"*Additional Local Unit Bond Payments*" means amounts payable by the Local Unit to the Authority under the Local Unit Bond, including, but not limited to, the annual Trustee's fee and annual Authority Administrative Expenses, professional fees incurred for any arbitrage rebate calculation, arbitrage rebate expenses, County Guaranty Costs and all direct and indirect costs and expenses incurred by the Authority and the County related to the enforcement of the Local Unit Bond, the County Guaranty and the Guaranty Agreement, including reasonable attorneys' fees related thereto.

"*Annual Authority Administrative Fee*" means the annual fee for the general administrative expenses of the Authority as shall be set forth in the Authority's Bond Purchase Agreement with the Local Unit or the Local Unit Bond.

"*Authority*" means the Morris County Improvement Authority, a public body corporate and politic of the State of New Jersey organized and existing under the Act and created by virtue of a resolution of the Board of Chosen Freeholders of the County, duly adopted on April 10, 2002.

"*Authority Administrative Expenses*" means any and all expenses of the Authority and its agents, professionals and employees incurred or to be incurred by or on behalf of the Authority in the administration of its responsibilities under this Resolution or the Guaranty Agreement or the enforcement of the Local Unit Bond, including, but not limited to, (i) the Initial Authority Financing Fee, (ii) the Annual Authority Administrative Fee, (iii) all fees and expenses, including, but not limited to, indemnification expenses, if any, incurred in connection with the issuance of any Bonds, the financing of the Project or the compelling of the full and punctual performance of this Resolution and the Local Unit Bond in accordance with the terms hereof and thereof, (iv) all fees and expenses, including, but not limited to, continuing disclosure expenses

and indemnification expenses, if any, of counsel, fiduciaries and others, and (v) any fees and expenses, including, but not limited to, indemnification expenses, if any, incurred by the Paying Agent, the Registrar or the Trustee or any or all fiduciaries in connection with the performance of their respective fiduciary responsibilities under this Resolution in the enforcement of the Local Unit Bond, all to the extent not capitalized pursuant to the requirements of this Resolution, which Authority Administrative Expenses shall be paid as Additional Local Unit Bond Payments by the Local Unit.

"Authorized Authority Representative" means the Chairman, the Vice Chairman or the Executive Director of the Authority and any other person or persons who shall be authorized to act on behalf of the Authority by virtue of a written certificate, duly executed on behalf of the Authority by the Chairman, Vice Chairman or the Executive Director of the Authority, which sets forth the specimen signatures of each such person or any other Authorized Authority Representative designated by Supplemental Resolution of the Authority.

"Authorized County Representative" means any person or persons authorized to act on behalf of the County by a written certificate signed on behalf of the County by the County Executive containing the specimen signature of each such person.

"Authorized Newspaper(s)" means (a) one newspaper that is customarily published and generally circulated at least once in each calendar week in the County and (b) one newspaper that is a nationally recognized local government bond marketing publication or electronic information service carrying municipal bond notices and devoted primarily to financial news or the subject of state and municipal bonds, each of which newspapers is printed in the English language.

"Basic Local Unit Bond Payments" means the sum of money representing principal of and interest on the Local Unit Bond to amortize Bond Service on any Series of Bonds issued by the Authority pursuant to this Resolution and means the sum set by the Local Unit Bond and as described in the Authority's Bond Purchase Agreement with the Local Unit, and redemption premium, if any, to the extent required to redeem the Bonds pursuant to Article VII hereof.

"Bond" or *"Bonds"* means any bond or bonds, including the Bonds, of the Authority that are authorized herein and that may be issued in one or more Series pursuant to the terms of Article III hereof, and any bonds issued in lieu of or in substitution for such Bonds pursuant to the terms of this Resolution.

"Bond Counsel" means an attorney or firm of attorneys with experience and nationally recognized expertise in the area of municipal finance, as may be appointed by the Authority from time to time.

"Bond Guaranty" shall have the meaning ascribed to such term in the recitals to this Resolution.

"Bond Purchase Agreement" means any agreement (a) by and between the Local Unit and the Authority that shall govern the purchase and sale of the Local Unit Bond, or (b) by and between the Authority and the Underwriter and acknowledged by the Local Unit that shall govern the purchase and sale of the Bonds.

"*Bond Reserve Credit Facility*" means any letter of credit, surety bond, loan agreement or other credit agreement, insurance policy or guaranty arrangement issued by a financial institution, insurance company or association obtained by the Authority, with the prior written consent of the issuer of such Bond Reserve Credit Facility, in satisfaction of all or any portion of the Bond Reserve Requirement with respect to any Series of Bonds.

"*Bond Reserve Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Bond Reserve Requirement*" means, as of the date of computation, the amount of money required to be on deposit in the Bond Reserve Fund for any or all Series of Bonds, as determined by Supplemental Resolution of the Authority or by a Certificate of Authority Officer relating to the Bonds. All or any part of the Bond Reserve Requirement may be satisfied by depositing funds in the Bond Reserve Fund or by obtaining a Bond Reserve Credit Facility.

"*Bond Service*" for any period means, as of any date of calculation and with respect to the Outstanding Bonds, an amount equal to the sum of (i) the interest accruing during such period on such Bonds except to the extent such interest is to be paid from deposits made from Bond proceeds into the Bond Service Fund, and (ii) that portion of each Principal Installment that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date or, if there should be no preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of issuance of the Bonds, whichever is later. Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof. The calculations in the preceding sentence shall be made on the basis of 30-day months and a 360-day year.

"*Bond Service Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Bond Service Requirement*", with respect to the next Interest Payment Date for the Bonds, means (i) in the case of an Interest Payment Date on which interest only shall be due, interest accrued and unpaid and to accrue to such date plus that portion of the Principal Installment or Installments that would accrue to such date if such Principal Installment or Installments be deemed to accrue in the manner provided in the definition of "Bond Service" set forth herein, and (ii) in the case of an Interest Payment Date on which both interest and a Principal Installment or Installments shall be due, interest accrued and unpaid and to accrue to such date plus the Principal Installment or Installments due on such date.

"*Bond Year*" means, in the case of the first Bond Year, the period beginning on the date of issuance of such Bonds and ending on the June 30 immediately following such date of issuance. Each subsequent Bond Year is the one-year period beginning on the day after the expiration of the previous Bond Year.

"*Bondholder*" or "*Holder*" or any similar term, when used with reference to a Bond or Bonds, means the Registered Owner.

"*Book-Entry Bonds*" means any Bonds that are issued in book-entry only form as evidenced by one or more certificates for each stated principal maturity of the Bonds, which Bonds are in registered form and delivered to a Securities Depository.

"*Business Day*" means any Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which either state- or federally-chartered banking institutions in the City of New York or the State of New Jersey are authorized or obligated by law or executive order to close.

"*Certificate of Authority Officer*" means any certificate that is executed by an Authorized Authority Representative for any purpose provided in this Resolution or in any Supplemental Resolution of the Authority.

"*Code*" means the Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations promulgated thereunder.

"*Costs of the Local Unit Bond*" means and shall be deemed to include, together with any other proper item of cost that is not specifically mentioned herein but that is specifically provided under the definition of "cost" or "costs" as set forth in the Act, whether incurred prior to or after the date of adoption of this Resolution, (a) the Purchase Price for the Local Unit Bond and all fees associated with the work and labor necessary to acquire such Local Unit Bond, (b) all compensation and expenses of the Trustee, the Paying Agent, the Registrar and/or any other fiduciaries, all financial advisory, legal, accounting, underwriting, financial and printing expenses and all fees and other expenses incurred in connection with the issuance of the Bonds and obtaining any Credit Facility or Bond Reserve Credit Facility for any Bonds, (c) all other costs that the Authority shall be required to pay under the terms of any contract or contracts for the Costs of the Local Unit Bond, (d) deposits into the Bond Service Fund for payment of interest on the Bonds and deposits in the Bond Reserve Fund or any other fund or account under this Resolution, (e) such other expenses that are not specified herein as may be necessary or incidental to the acquisition of the Local Unit Bond, and (f) all costs and expenses incurred by any agent of the County or the Authority in connection with the adoption, administration and enforcement of the Local Unit Bond and the County Guaranty, including, but not limited to, the County Guaranty Costs.

"*Counsel's Opinion*" means an opinion signed by an attorney or firm of attorneys of recognized standing (who may be counsel or of counsel to the Authority) selected by the Authority. If such opinion is required to be delivered to the Trustee, such attorney or firm of attorneys shall also be satisfactory to the Trustee.

"*County*" means the County of Morris, a political subdivision of the State of New Jersey.

"*County Guaranty*" shall have the meaning ascribed to such term in the recitals to this Resolution.

"*County Guaranty Costs*" means all direct and indirect costs and expenses of the County incurred with respect to the County Guaranty, including amounts paid by the County pursuant to Section 1308 hereof, together with interest on such amounts at an interest rate equal to the County's cost of obtaining funds required to make such payments (including, but not limited to, lost earnings on the investment of available funds used to make such payments or the net interest cost of such Series of Bonds, whichever is higher, as shall be determined by the County), reasonable attorneys' fees and other costs arising out of the required payments or expenses for the collection, enforcement and repayment pursuant to the County Guaranty, together with interest accrued on such sum until the time of repayment to the County.

"*County Repayment Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*County Repayment Requirement*" means that amount of County Guaranty Costs expended by the County.

"*Credit Facility*" means, with respect to any Series of Bonds or portion thereof, any letter of credit, surety bond, loan agreement or other credit agreement, insurance policy or guaranty arrangement issued by a financial institution, insurance company or association pursuant to which funds are available to pay the principal of and interest on such Series of Bonds or portions thereof.

"*Defeasance Obligations*" means (a) any direct and general obligation of, or any obligation fully and unconditionally guaranteed by, the United States of America, (b) any certificates of deposit that constitute Investment Obligations; *provided, however*, that such certificates of deposit are fully collateralized by Investment Obligations, or (c) non-callable Tax-Exempt Obligations rated "AAA" by S&P Global Ratings or "Aaa" by Moody's Investors Service, Inc. that have been previously refunded by the issuer of such obligations.

"*Event of Default*" shall have the meaning given to it in Article X herein.

"*Fiduciary*" means the Trustee, the Registrar and the Paying Agent, or any or all of them, as the case may be.

"*Fiscal Year*" means the period of twelve calendar months commencing on January 1 and ending December 31, or such other period, as shall be determined from time to time by a resolution duly adopted by the Authority.

"*General Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Guaranty Agreement*" shall have the meaning ascribed to such term in the recitals to this Resolution.

"*Herein*", "*hereunder*", "*hereby*", "*hereto*" and "*hereof*" and any similar terms refer to this Resolution; the term "*heretofore*" means prior to the adoption of this Resolution; and the term "*hereafter*" means subsequent to the adoption of this Resolution.

"*Initial Authority Financing Fee*" means an amount equal to 1/8 of 1% of the initial par amount of a Series of Bonds as determined by resolution duly adopted by the Authority and as allocated to the Local Unit or as may be set forth in a Supplemental Resolution or Certificate of Authority Officer authorizing a Series of Bonds.

"*Interest Payment Date*" means the date for the payment of interest on any Series of Bonds as determined by Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Bonds or as may be determined by a Certificate of Authority Officer, as the case may be. In the event an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day for the interest accrued to the Interest Payment Date.

"*Investment Obligations*" means any obligations authorized from time to time as permissible investments for county improvement authorities under New Jersey law or as may be determined by a Supplemental Resolution or Certificate of Authority Officer.

"*Local Authorities Law*" means the Local Authorities Fiscal Control Law, constituting Chapter 313 of the Laws of New Jersey of 1983 and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40A:5A-1 *et seq.*).

"*Local Unit*" means the Board of Education of the Borough of Rockaway, in the County of Morris, New Jersey, located in the County.

"*Local Unit Bond*" means that certain bond purchased by the Authority and sold and issued by the Local Unit.

"*Local Unit Bond Payment Date*" means, with respect to the Bonds, not later than thirty days prior to each Interest Payment Date, Principal Installment Date or Sinking Fund Installment Date, and such other dates determined in accordance herewith as may be set forth in a Supplemental Resolution authorizing a Series of Bonds, if any. In the event a Local Unit Bond Payment Date is not a Business Day, the Local Unit Bond Payment shall be made by the Local Unit on the next succeeding Business Day.

"*Local Unit Bond Payments*" means, collectively, Basic Local Unit Bond Payments and Additional Local Unit Bond Payments payable by the Local Unit.

"*Local Unit Bond Proceedings*" shall have the meaning ascribed to such term in the recitals to this Resolution.

"*Maximum Annual Bond Service*" means an amount equal to the greatest of (1) interest on Outstanding Bonds or (2) Principal Installments on Outstanding Bonds, in each case, in any current or future Bond Year.

"*Operating Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Operating Fund Requirement*" means, collectively, the amount of money required to pay the Initial Authority Financing Fee and amounts payable to the Authority as Additional Local Unit Bond Payments.

"*Outstanding*", when used with reference to Bonds and as of any particular date, means all Bonds theretofore and thereupon being authenticated and delivered, except (a) any Bond that has been canceled by the Authority or by the Registrar on or prior to said date, (b) any Bond for the payment or redemption of which either (i) cash, in an amount equal to the principal amount and redemption amount, as the case may be, or (ii) moneys and/or Investment Obligations, in the amounts, of the maturities and otherwise conforming with the provisions of Section 1201 hereof, shall have theretofore been deposited with the Trustee in trust whether upon or prior to the maturity date or the redemption date of such Bonds and, except in the case of a Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with the terms of Article VII hereof, and (c) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the provisions of this Resolution.

"*Paying Agent*" means any paying agent for the Bonds appointed by Supplemental Resolution of the Authority pursuant to the terms of Section 1102(a) hereof, and its successor or successors, and any other corporation or association that may at any time be substituted in its place pursuant to the terms of this Resolution.

"*Payment Date*" means any Interest Payment Date or any date on which a Principal Installment or Sinking Fund Installment is due and payable with respect to any series of Bonds.

"*Payment Verification Date*" means any date thirty days prior to any Payment Date.

"*Principal Installment*" means, as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established plus any applicable redemption premium thereon, and (ii) any Sinking Fund Installments due on a certain future date for such Series, plus the amount of the sinking fund redemption premium, if any, that would be applicable upon redemption of the Bonds on such future date in a principal amount equal to such Sinking Fund Installments.

"*Principal Installment Date*" means any date on which any Principal Installment on any Series of Bonds shall become due and payable by the Authority, or such other date as set forth in a Supplemental Resolution or Certificate of Authority Officer authorizing a Series of Bonds. In the event a Principal Installment Date is not a Business Day, principal shall be paid on the next succeeding Business Day for the Principal Installment payable on the Principal Installment Date.

"*Purchase Price*" means the price that the Authority shall pay for the Local Unit Bond.

"*Rebate Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Record Date*" means, with respect to a particular Series of Bonds, (a) the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date, in the event that the Interest Payment Date is the first day of a month, (b) the first day (whether or not a Business Day) of the calendar month in which each Interest Payment Date occurs, in the event that the Interest Payment Date is the fifteenth day of a month, or (c) as otherwise provided in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series of Bonds or as determined in a Certificate of Authority Officer duly executed in connection with the issuance of such Series of Bonds.

"*Redemption Price*" means, when used with respect to any Bond, the principal amount of such Bond (or portion thereof) plus the applicable redemption premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms and in accordance with the terms of this Resolution, together with interest accrued thereon to the date fixed for redemption, as such Redemption Price shall be determined by a Supplemental Resolution duly adopted by the Authority or a duly executed Certificate of Authority Officer.

"*Registered Owner*" means the owner of any Bond issued in fully-registered form, as determined on the Record Date, and as reflected on the registration books of the Authority, which shall be kept and maintained on behalf of the Authority by the Registrar.

"*Registrar*" means the registrar or bond registrar for the Bonds appointed by the Authority pursuant to the terms of Section 1102(b) hereof, and its successor or successors, and any other corporation or association that may at any time be substituted in its place pursuant to the terms of this Resolution.

"*Resolution*" means this General Bond Resolution, as such term is defined in Section 106 hereof, as same may be amended or supplemented from time to time.

"*Revenue Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Revenues*" means (a) all amounts, including Basic Local Unit Bond Payments, received from the Local Unit that are derived from or attributable to the ownership of the Local Unit Bond pursuant to the provisions of the Authority's Bond Purchase Agreement with the Local Unit, (b) any investment income that is derived from the investment of any funds held by the Trustee, (c) any payments made by the County to the Authority on behalf of the Local Unit pursuant to the County Guaranty, the Guaranty Agreement and Section 1308 hereof, and (d) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of a particular Series of Bonds.

"*Securities Depository*" means the depository for any Book-Entry Bonds issued hereunder and appointed by the Authority pursuant to the terms of Section 1102(c) hereof, and its successor or successors, and any other corporation or financial or banking institution that may at any time be substituted in its place pursuant to the terms of this Resolution.

"*Serial Bonds*" means Bonds of a Series that shall be stated to mature in annual or semiannual installments.

"*Series*" means any series of Bonds authenticated and delivered upon original issuance in a simultaneous transaction and designated by a Supplemental Resolution of the Authority authorizing such Series of Bonds, which may vary in maturity, interest rate, security and other provisions from any other Series of Bonds that may be issued in a simultaneous transaction with such Series, and any Bonds that are thereafter authenticated and delivered in lieu of or in substitution for any of such Bonds of a Series pursuant to the terms of this Resolution; *provided*, in no event shall any Bonds issued as Tax-Exempt Obligations be treated as being part of the same Series as Bonds that are not Tax-Exempt Obligations.

"*Sinking Fund*" means the fund so designated that is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"*Sinking Fund Installment*" means the amount of money required by the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Bonds or as may be determined by a Certificate of Authority Officer, as the case may be, to be paid from the Sinking Fund toward the retirement of any Term Bonds. However, Term Bonds does not include any amount payable by reason only of a maturity of a Bond.

"*Sinking Fund Installment Date*" means any date on which any Sinking Fund Installment on any Series of Bonds shall become due and payable by the Authority, or such other date as set forth in a Supplemental Resolution or Certificate of Authority Officer authorizing a Series of Bonds. In the event a Sinking Fund Installment Date is not a Business Day, such installment shall be paid on the next succeeding Business Day for the Sinking Fund Installment payable on such Sinking Fund Installment Date.

"*Sinking Fund Requirement*" means, as of any particular Withdrawal Date in a particular Bond Year and with respect to all Bonds Outstanding on such date, an amount of money equal to all prior Sinking Fund Installments then due and unpaid plus that portion of the Sinking Fund Installment for Outstanding Bonds due and payable on such Sinking Fund Installment Date, as the case may be, as shall be determined by Supplemental Resolution of the Authority or by a duly executed Certificate of Authority Officer.

"*Supplemental Resolution*" means any resolution of the Authority amending or supplementing this Resolution duly adopted and becoming effective in accordance with the terms of Article VIII hereof.

"*Tax-Exempt Obligations*" means any Series of Bonds issued pursuant to the terms of this Resolution together with an opinion of Bond Counsel to the effect that the interest on such Bonds is excludable from gross income pursuant to the provisions of the Code (notwithstanding the application of the provisions of the Code relating to alternative minimum taxation).

"*Term Bonds*" means the Bonds of a Series stated to mature on one date, rather than serially, which shall be subject to retirement by operation of the Sinking Fund.

"*Trustee*" means the trustee for the Bonds appointed by the Authority pursuant to the terms of Section 1101 hereof, and its successor or successors, and any other corporation or association that may at any time be substituted in its place pursuant to the terms of this Resolution.

"*Withdrawal Date*" means the Business Day immediately preceding any Principal Installment Date, Sinking Fund Installment Date or Interest Payment Date with respect to the Bonds.

Words importing persons include firms, associations and corporations. Words importing the maturity or payment of a Bond do not include or connote redemption of such Bond prior to maturity pursuant to the terms of this Resolution or the payment of the Redemption Price thereof. Words importing the redemption of, redeeming or calling for the redemption of a Bond do not include or connote the payment of such Bond at its stated maturity date, or the payment of such Bond upon declaring the same due and payable in advance of such maturity date, or the purchase of such Bond. Words importing the singular number include the plural number and vice versa.

Section 102. Successors and Assigns. Whenever the Authority is named or referred to in this Resolution, such reference shall be deemed to include its successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the Authority contained in this Resolution shall bind and inure to the benefit of such successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Authority, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Resolution or to comply with or fulfill any conditions set forth in this Resolution.

Section 103. Parties Interested Herein. Nothing contained in this Resolution (expressed or implied) is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Authority, the County, any Fiduciary, the issuer of any Credit Facility or Bond Reserve Credit Facility and the Holders of any Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation thereof. All of the covenants, stipulations, promises and agreements contained in this Resolution and to be performed by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the County, any Fiduciary, the issuer of any Credit Facility or Bond Reserve Credit Facility and the Holders of the Bonds.

Section 104. Severability of Invalid Provisions. If any one or more of the covenants or agreements contained in this Resolution to be performed on the part of the Authority, the County, any Fiduciary or any agent or employee of the Authority should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed separable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

Section 105. Applicable Law. This Resolution is adopted pursuant to statutes of the State of New Jersey, and the law of said State shall be applicable to its interpretation and construction.

Section 106. Short Title. This resolution may hereafter be cited by the Authority and is hereinafter sometimes referred to as the "*Resolution*".

ARTICLE II

DETERMINATIONS BY AND OBLIGATIONS OF AUTHORITY

Section 201. Authority for Resolution. This Resolution is hereby adopted by virtue of the Act and pursuant to its provisions, and the Authority has ascertained and hereby determines that each and every act, matter, thing or course of conduct for which provision is made in this Resolution is necessary in order to carry out and to effectuate the purposes of the Authority in accordance with the Act and to carry out powers expressly given to the Authority in the Act and to further secure the payment of the principal of, redemption premium, if any, and interest on the Bonds.

Section 202. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute contracts among the Authority, the Trustee, the issuer of any Credit Facility or Bond Reserve Credit Facility and the Holders from time to time of the Bonds. Any pledge made in this Resolution and the covenants and agreements set forth herein to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the issuer of any Credit Facility or Bond Reserve Credit Facility (for as long as such Credit Facility or Bond Reserve Credit Facility remains outstanding) and the Holders of any and all of the Bonds of a particular Series and all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds of said Series over any other thereof, except as expressly provided in or pursuant to the terms of this Resolution.

Section 203. Obligation of Bonds. The Bonds shall be special obligations of the Authority and the principal of, redemption premium, if any, and interest on the Bonds shall be payable from (i) the Revenues available for such Series of Bonds (except such moneys that are required to be rebated to the United States government pursuant to the provisions of the Code in order to insure that interest on any Bonds issued as Tax-Exempt Obligations continues to be excludable from gross income under the Code) and (ii) all moneys, securities and funds pledged under the terms of this Resolution, as and to the extent provided in Section 502 hereof. All Bonds of a particular Series and Bondholders of a particular Series of Bonds and the issuer of any Credit Facility or Bond Reserve Credit Facility (for as long as the Authority has a reimbursement obligation to the issuer of such Credit Facility or Bond Reserve Credit Facility) shall be entitled to the benefit of the continuing pledge and lien created by this Resolution to secure the full and final payment of the principal of, redemption premium, if any, and interest on the Bonds of a particular Series.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 301. Authorization of Bonds. The Authority shall acquire the Local Unit Bond. In accordance with the terms of the Act and subject to and in accordance with the provisions of this Resolution and for the purpose of raising funds to pay the Costs of the Local Unit Bond, together with amounts required to be deposited into any fund or account established pursuant to the terms of Section 501 hereof, Bonds of the Authority, each constituting a Bond, are hereby authorized to be issued from time to time in one or more Series in an aggregate principal amount not exceeding \$12,490,000, including amounts required to be deposited into any fund or account established pursuant to the terms of Section 501 hereof; *provided*, that Bonds may be issued in excess of \$12,490,000 in order to provide funds for the refunding of any Bonds.

Section 302. Particular Terms of Bonds. (1) The Bonds shall be issued to provide for the cost of the Project in an aggregate principal amount not to exceed \$12,490,000. Said Bonds shall be entitled "County-Guaranteed Governmental Loan Revenue Bonds, Series 2020 (Rockaway Borough Board of Education Project)" or such other year to reflect the year in which issued. The Bonds shall be dated, shall bear interest at such rate or rates per annum and shall mature as may be fixed by a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer executed prior to their authentication and delivery. Such resolution may contain any other terms and provisions of the Bonds not fixed by this Resolution. The Bonds shall be payable as to principal or Redemption Price at the principal corporate trust office of the Paying Agent. Interest on the Bonds shall be payable in accordance with the provisions of this Section 302. The Bonds shall be subject to redemption prior to their respective maturities to the extent, in the order, at the times, by the terms, at such Redemption Price and subject to all other terms, conditions and provisions in conformity with Article VII hereof as shall be specified and determined by a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer executed prior to their authentication and delivery.

(2) Toward the retirement of any Bonds that are Term Bonds, there shall be due and the Authority shall pay Sinking Fund Installments on the particular dates and in such several amounts as shall be specified and determined by a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer executed prior to their authentication and delivery.

Section 303. General Terms of Bonds. The Bonds shall bear such designation or title, including the words "County-Guaranteed Governmental Loan Revenue Bonds, Series 2020 (Rockaway Borough Board of Education Project)", as may be fixed by a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer executed prior to their authentication and delivery upon original issuance by the Trustee. The Bonds shall mature on the dates set forth in such Supplemental Resolution or Certificate of Authority Officer, shall be payable with respect to principal and interest in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts, shall be issued in fully-registered form without coupons, each such Bond being payable to a named person or registered assigns, and shall be substantially in the form provided in Section 1207 hereof, with such omissions, insertions and variations as are

properly required and as are specified in such Supplemental Resolution or Certificate of Authority Officer.

Interest on the Bonds shall be payable from and after their dated date at the times set forth in such Supplemental Resolution of the Authority adopted or Certificate of Authority Officer executed prior to their authentication and delivery. Interest on the Bonds shall be paid by check, wire or bank draft and shall be mailed to the Registered Owners of the Bonds at their addresses on file with the Registrar. All Bonds shall be in the denomination of \$5,000 each or any integral multiple thereof. The Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words as are (a) not inconsistent with the provisions of this Resolution, (b) necessary or desirable to comply with custom or the rules of any securities exchange or commission or brokerage board, and (c) authorized by a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer executed prior to their authentication and delivery.

Section 304. Book-Entry System. The Bonds may be issued or subsequently registered in the name of a Securities Depository or a nominee therefor and held in the custody of the Securities Depository. In such event, Bonds will be issued and delivered to the Securities Depository and neither the actual purchasers of the Bonds (the "*Beneficial Owners*") nor the Paying Agent will receive physical delivery of Bond certificates except as provided herein. All transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds will receive, hold or deliver any Bond certificate. The Authority, the Trustee and the Paying Agent will recognize the Securities Depository or its nominee as the Bondholder for all purposes, including notices and voting.

The Authority and the Trustee covenant and agree, so long as The Depository Trust Company or any other Securities Depository serves as Securities Depository for the Bonds, to meet the requirements of The Depository Trust Company or such other Securities Depository with respect to required notices and other provisions of the letter of representations or agreement executed with respect to such Bonds.

The Authority, the Trustee and the Paying Agent may rely conclusively upon (a) a certificate of the Securities Depository as to the identity of the participants in the book-entry system with respect to the Bonds and (b) a certificate of any such participant as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owners.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined through the books of the Securities Depository, the requirements in this Resolution of holding, delivering or transferring such Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository with respect to such actions to produce the same effect. Any provisions hereof permitting or requiring delivery of such Bonds shall, while such Bonds are in a book-entry system, be satisfied by the notation on the books of the Securities Depository in accordance with applicable state law.

The Authority may from time to time appoint a Securities Depository or a successor thereto, and the Trustee and the Authority may enter into a letter of representations or other agreement with such Securities Depository to establish procedures with respect to the Bonds. Any Securities Depository shall be a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended.

Neither the Authority, the Trustee nor the Paying Agent will have any responsibility or obligation to any Securities Depository, any participants in the book-entry system or the Beneficial Owners with respect to: (a) the accuracy of any records maintained by the Securities Depository or any participant; (b) the payment by the Securities Depository or any participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Bonds; (c) the delivery of any notice by the Securities Depository or any participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Bonds; or (e) any other action taken by the Securities Depository or any participant.

Bond certificates are required to be delivered and registered in the name of the Beneficial Owner under the following circumstances:

(a) A Securities Depository determines to discontinue providing its services with respect to such Bonds and no successor Securities Depository is appointed as described above; or

(b) The Authority determines not to continue the book-entry system through a Securities Depository.

If, at any time, the Securities Depository ceases to be the Registered Owner of the Bonds, thereafter all references herein to the Securities Depository shall be of no further force or effect.

None of the Authority, the Paying Agent or the Trustee will have any responsibility or obligation to any participant for the book-entry system or to the Beneficial Owners with respect to the records delivered to the Authority and the Trustee in order to accomplish the delivery and registration in the names of the Beneficial Owners.

Section 305. Execution of Bonds. Each Bond shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of its Chairman, Vice Chairman or Executive Director and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or Assistant Secretary. In the event that any officer who shall have signed, sealed or attested any of the Bonds shall cease to be such officer of the Authority before the Bonds so signed, sealed or attested shall have been authenticated and delivered by the Trustee upon original issuance, such Bonds may nevertheless be authenticated and delivered as herein provided as if the person who signed, sealed or attested such Bonds had not ceased to be such officer. Any Bonds may be signed, sealed or attested on behalf of the Authority by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not have held such office.

Section 306. Authentication of Bonds. The Bonds shall bear thereon a certificate of authentication, substantially in the form set forth in Section 1207 hereof, which shall be duly executed upon original issuance by an authorized signatory of the Trustee (after such Bonds have been registered by the Registrar), and thereafter by an authorized signatory of the Registrar (except in the case of Book-Entry Bonds, other than the redemption of a portion of such Book-Entry Bonds, in which case the portion of such Book-Entry Bonds that are not redeemed shall be registered by the Registrar). Only such Bonds as shall bear such certificate of authentication thereon, and that have been duly executed, shall be entitled to any right or benefit under the terms of this Resolution. No Bond shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall have been duly executed by the Trustee or by the Registrar, as the case may be. The certificate of authentication upon any Bond shall be conclusive and shall constitute the only evidence that the Bond so authenticated has been duly authenticated and delivered under the terms of this Resolution and that the Holder thereof is entitled to the benefit of this Resolution.

Section 307. Interchangeability of Bonds. Registered Bonds, upon surrender thereof at a designated corporate trust office of the Registrar, together with a written instrument of transfer satisfactory to the Registrar and duly executed by the Registered Owner thereof or by his attorney duly authorized in writing, accompanied by a signature guarantee, may, at the option of such Registered Owner, be exchanged for registered Bonds of the same Series, designation, maturity and interest rate of any other of the authorized denominations. Book-Entry Bonds shall be subject to exchange upon the terms and conditions provided in a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer executed prior to their authentication and delivery.

Section 308. Registration of Registered Bonds and Agency Therefor. The Authority shall cause the Registrar to maintain and keep books for the registration and transfer of the Bonds and, upon presentation thereof for such purpose at the designated office of the Registrar, together with a written instrument of transfer satisfactory to the Registrar and duly executed by the Registered Owner thereof or by his attorney duly authorized in writing, the Registrar shall register or cause to be registered therein, and permit to be transferred thereon or to be exchanged, under such reasonable regulations as the Registrar may prescribe, any registered Bond that shall be entitled to registration, transfer or exchange. The Registrar is hereby appointed by the Authority to serve as its agent for such registration, transfer or exchange of Bonds. Provisions relating to the transfer and registration of Book-Entry Bonds shall be determined by a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer executed prior to their authentication and delivery. Notwithstanding anything contained herein to the contrary, upon the occurrence of an Event of Default requiring payment of all or any portion of the principal of and interest on the Bonds by the issuer of any Credit Facility, the Registrar shall provide the issuer of such Credit Facility and its designated agent access to the registration books of the Authority.

Section 309. Transfer of Registered Bonds. Each registered Bond shall be transferable only upon the registration books of the Authority at the designated office of the Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar and duly executed by the Registered Owner or by such duly authorized attorney, together with a signature

guarantee and such further documentation as the Registrar may reasonably request. Upon the transfer of such registered Bond, the Authority shall execute, and the Registrar shall authenticate and deliver or make available for pick-up, a new Bond or Bonds (registered in the name of the transferee) of the same aggregate principal amount and Series, designation, maturity and interest rate as the surrendered Bond. Provisions relating to the transfer of Book-Entry Bonds shall be determined by a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer executed prior to their authentication and delivery.

Section 310. Ownership of Bonds and Effect of Registration. As of the Record Date, the Authority and any Fiduciary may treat and consider the person in whose name any registered Bond is registered as the Holder and absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal thereof and redemption premium, if any, or interest thereon and for all other purposes whatsoever, and payment of, or on account of, the principal of, redemption premium, if any, or interest on such Bond shall be made only to, or upon the order of, such Registered Owner thereof. However, such registration may be changed or discharged as provided in this Resolution. All payments that are made as provided in this Section 310 shall be valid and effectual to satisfy and discharge the Authority's liability upon the Bonds to the extent of the sum or sums so paid.

Section 311. Re-issuance of Mutilated, Destroyed, Stolen or Lost Bonds. In case any Outstanding Bond shall become mutilated or shall be destroyed, stolen or lost, the Registrar shall authenticate and deliver, or make available for pick-up, a new Bond of like tenor, number and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and in substitution for such mutilated Bond and upon surrender of such mutilated Bond or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to the Authority and the Registrar that such Bond has been destroyed, stolen or lost, together with a signature guarantee and such further documentation as the Registrar may reasonably request. The owner of such Bond shall also provide the Registrar with proof of ownership thereof, shall furnish the Authority and the Registrar with indemnification satisfactory to them, and shall comply with such other reasonable regulations as the Authority and the Registrar may prescribe, and the owner of such Bond shall pay such expenses as the Authority and the Registrar may incur in connection therewith. In lieu of reissuing a mutilated, destroyed, stolen or lost Bond that is due and payable or that will become due and payable within sixty days thereof, the Authority may pay the amount that is due on such Bond to the owner or Holder thereof, provided all of the requirements of this Section 311 have been met.

Section 312. Regulations with Respect to Registrations, Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the Authority shall execute and the Registrar shall authenticate new Bonds in accordance with the provisions of this Resolution. For every registration, exchange or transfer of Bonds, the Authority or the Registrar, as the case may be, may charge a sum sufficient to reimburse them for any tax or other governmental charge or other fees that are required to be paid, which sum, if not otherwise provided for, shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of effecting such registration, exchange or transfer. During the fifteen days next preceding any Interest Payment Date of the Bonds, or in the case of any proposed redemption of Bonds subsequent to the date next preceding the date of first publication or mailing of notice of such redemption, neither the Authority nor the Registrar

shall be required to make any registration, transfer or exchange of any Bonds under the provisions of this Article III. The Registrar shall, if requested by the Authority, deliver to the Authority a statement of all Bonds issued in lieu of or in substitution for other Bonds pursuant to the terms of this Article III, including a report of the description and disposition of such other Bonds.

Section 313. No Recourse on Bonds. No recourse shall be had for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for any claim based thereon or on this Resolution against any member or officer of the Authority or any person executing the Bonds, including the Trustee or the Registrar, as the case may be. The Bonds are not and shall not be in any way a debt or liability of the State of New Jersey or of any county or municipality thereof (except to the extent of the County Guaranty) and do not and shall not create or constitute any indebtedness, liability or obligation of said State or of any county or municipality thereof (except to the extent of the County Guaranty), either legal, moral or otherwise.

Section 314. Temporary Bonds. Until Bonds in definitive form are ready for delivery, the Authority may execute, and upon its written request, the Trustee upon original issuance, and thereafter the Registrar, shall authenticate and deliver one or more printed, lithographed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described, together with any appropriate omissions, variations and insertions. Such Bond or Bonds in temporary form shall be in such authorized denominations as the Authority may determine. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Resolution. The Authority shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form, the Registrar shall authenticate and deliver, in exchange therefor, a Bond or Bonds in definitive form in authorized denominations of the same maturity and for the same aggregate principal amount as the surrendered Bond or Bonds in temporary form. Such exchange shall be made by the Authority without making any charge therefor, except that the Authority may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed upon it in connection therewith.

Section 315. Issuance of Each Series of Bonds and Disbursement of Proceeds of Sale and Other Funds. Upon execution by the Authority, any Series of Bonds authorized to be issued under Section 301 hereof shall be delivered to the Trustee for authentication by the Trustee upon original issuance, and thereupon the Bonds shall be authenticated by the Trustee. Upon fulfillment of the conditions hereinafter set forth, the Bonds shall be delivered by the Trustee to the Authority or upon its order. The proceeds derived from the sale of each Series of Bonds, including accrued interest thereon, together with other funds, if any, that are held by the Authority and not pledged or otherwise committed for a specific purpose, shall simultaneously with the issuance of each such Series of Bonds be paid by the Authority as follows:

(a) To the Trustee, to be deposited in the Bond Service Fund, a sum equal to the accrued interest, if any, on the Series of Bonds from the date of the Bonds to the date of delivery thereof, and the amount equal to capitalized interest, if any, on the Series of Bonds, as reflected in a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer executed prior to their authentication and delivery;

(b) To the Trustee, to be deposited in the Acquisition Fund, (i) the amount estimated to be necessary to pay the costs and expenses incurred or to be incurred by the Authority in connection with the issuance and delivery of the Series of Bonds and (ii) the amounts remaining after deducting the amounts referred to in subparagraphs (a), (c) and (d) have been made;

(c) To the Trustee, to be deposited in the Bond Reserve Fund, either (i) an amount required to be so deposited so that the amount on deposit therein equals the Bond Reserve Requirement or (ii) a Bond Reserve Credit Facility having a stated amount (together with any proceeds so deposited) required to be so deposited so that the amount on deposit therein equals the Bond Reserve Requirement; and

(d) If any Series of Bonds is secured by a Credit Facility, to the issuer of such Credit Facility, the amount that is due and payable for or with respect to the issuance of such Credit Facility.

In the event that any Series of Bonds is issued that pays interest on dates that are different from the established Interest Payment Dates of Outstanding Bonds, there shall be no requirement that, on any Interest Payment Date of any Bond, the Trustee establish reserves for the benefit of the Holder of any Bond on which interest is not being then paid unless otherwise required under the terms of this Resolution, the terms of any Supplemental Resolution of the Authority or the terms of a Certificate of Authority Officer.

Section 316. Conditions Precedent to Issuance of Each Series of Bonds. The Trustee shall not deliver to the Authority, or upon its order, any Bonds pursuant to the terms of this Resolution unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee the following:

(a) A copy of this Bond Resolution, certified by the Secretary or Assistant Secretary of the Authority;

(b) A copy of (i) the Supplemental Resolution of the Authority, if any, certified by the Secretary or Assistant Secretary of the Authority, fixing the rate or rates of interest or the maximum rates of interest on such Series of Bonds and all other terms and provisions of such Series of Bonds that are not fixed by the terms of this Bond Resolution and (ii) each amending resolution of the Authority, if any, that has been duly adopted prior to the authentication and delivery of such Series of Bonds pursuant to and in accordance with the provisions of Article VIII hereof, each certified by the Secretary or Assistant Secretary of the Authority;

(c) A copy of the Certificate of Authority Officer, if any, duly executed in connection with the sale of the Bonds, as provided in Sections 302 and 303 hereof;

(d) The written order of the Authority as to the delivery of the Series of Bonds, signed by an Authorized Authority Representative, stating the amount of the proceeds that have been derived from the sale of the Bonds;

(e) An opinion of Bond Counsel stating, in the opinion of the signer, that: (i) this Bond Resolution, each Supplemental Resolution referred to in subparagraph (b) above and each Certificate of Authority Officer referred to in subparagraph (c) above have been duly and

lawfully adopted by the Authority or executed by an Authorized Authority Representative, as the case may be, are each in full force and effect and are valid and binding on the Authority, the Trustee and the Holders of the Series of Bonds in accordance with their respective terms, and that all conditions precedent to the authentication of such Series of Bonds by the Trustee upon original issuance have been satisfied and that the Trustee may lawfully authenticate such Series of Bonds; (ii) this Resolution creates the valid pledge that it purports to create of the Revenues, moneys, securities and funds that are held or set aside pursuant to the terms of this Resolution and to the extent provided in Section 502 hereof, subject to the application thereof to the purposes and on the conditions permitted by the terms of this Resolution for repayment of such Bonds; and (iii) the Bonds of such Series are valid and binding obligations of the Authority, as provided in this Resolution, and are entitled to the benefits of this Resolution and of the Act, and that such Bonds have been duly and validly authorized and issued in accordance with law, including the Act, and in accordance with the terms of this Resolution; *provided, however*, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally;

(f) Copies of (i) the Bond Purchase Agreement between the Local Unit and the Authority and (ii) the Bond Purchase Agreement between the Authority and the Underwriter and acknowledged by the Local Unit, each certified by the Secretary or Assistant Secretary of the Authority;

(g) A Counsel's Opinion stating, in the opinion of the signer, that: (i) the Authority has the right and power under the Act and other applicable law to enter into each Bond Purchase Agreement; (ii) the execution of each Bond Purchase Agreement has been duly and lawfully authorized by the Authority; and (iii) each Bond Purchase Agreement has been duly and lawfully executed by the Authority, is in full force and effect, is valid and binding upon the Authority and is enforceable in accordance with its terms; *provided, however*, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally;

(h) A Counsel's Opinion of counsel to the Local Unit stating, in the opinion of the signer, that: (i) the Local Unit has the right and power to enter into the Bond Purchase Agreement; (ii) the execution of the Bond Purchase Agreement has been duly and lawfully authorized by the Local Unit; and (iii) the Bond Purchase Agreement has been duly and lawfully executed by the Local Unit, is in full force and effect, is valid and binding upon the Local Unit and is enforceable in accordance with its terms; *provided, however*, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally;

(i) The amounts or instruments that are required to be delivered to the Trustee pursuant to the terms of Section 315 hereof;

(j) If any Series of Bonds is entitled to the benefits of a Credit Facility, the original of such Credit Facility issued with respect to such Series of Bonds;

(k) If such Series of Bonds is entitled to the benefits of a Credit Facility, an opinion of counsel to any issuer of a Credit Facility stating, in the opinion of the signer, that such Credit Facility constitutes a legal, valid and binding obligation of the issuer of such Credit Facility and is enforceable in accordance with its terms; *provided, however*, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally;

(l) A Certificate of Authority Officer setting forth (1) the aggregate principal amount of Bonds that are to be issued on the date of such Certificate, (2) the aggregate principal amount of each Series of Bonds, if any, issued by the Authority prior to the date of such Certificate (including the date each such Series of Bonds was issued), and (3) that no default has occurred and is continuing under the terms of this Resolution and the Bond Purchase Agreement;

(m) A Certificate of Authority Officer setting forth a listing of any additional documents that are required to be executed and delivered pursuant to the terms of any contract executed by or on behalf of the Authority in connection with the sale of such Series of Bonds;

(n) Copies of each of the documents that are set forth in the Certificate of Authority Officer described in subparagraph (m) above, unless waived by the purchaser of such Series of Bonds;

(o) In the event that such Series of Bonds are issued as Tax-Exempt Obligations, an opinion of Bond Counsel to the effect that the interest on such Series of Bonds is not includable as gross income under the provisions of the Code and the New Jersey Gross Income Tax Act;

(p) A certified copy of the ordinance authorizing the County Guaranty, along with duly certified copies of the authorization proceedings related thereto, and a fully executed copy of the Guaranty Agreement;

(q) A certified copy of the Local Unit Bond Proceedings;

(r) Prior to the authentication and delivery of the Bonds of each Series, provision shall have been made for the guarantee by the County of the timely payment of the principal of and interest on such Bonds as set forth in the County Guaranty. The County Guaranty shall be printed on each of the Bond certificates and shall be in substantially the form set forth in Section 1207 hereof and shall be duly executed and attested by the manual or facsimile signature of the County Executive. Any payments made by the County pursuant to the terms of the County Guaranty and the Guaranty Agreement shall be made to the Trustee and shall thereafter be deposited by the Trustee in the Bond Reserve Fund in accordance with the terms of Section 507 hereof; and

(s) An opinion of counsel to the County stating, in the opinion of the signer, that: (i) the County has the right and power under the Act to adopt the County Guaranty, and the County Guaranty has been duly and lawfully adopted by the County, is in full force and effect and is valid and binding upon the County enforceable in accordance with its terms, and no other authorization for the County Guaranty is required; (ii) the County Guaranty is a valid, binding and general obligation of the County enforceable in accordance with its terms and payments thereunder are payable out of the first funds becoming legally available to the County for such

purpose and, if such funds are not available, the County has the power and is obligated to levy *ad valorem* taxes upon all the taxable property in the County for the purpose of making payments under the County Guaranty, without limitation as to rate or amount; and (iii) the County Guaranty has been duly and validly authorized and issued in accordance with applicable law, including the Act, and is in full force and effect on the date of issuance of the Bonds; *provided, however,* that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally.

The Authority shall not be required to liquidate any securities then held by it for the purpose of payment of the aforementioned amounts to the Trustee, and the Trustee shall be authorized and directed to accept any such securities in whole or in part as funds delivered under authority of this Section 316; *provided,* that such securities would constitute Investment Obligations under the provisions of this Resolution applicable to the fund or account into which such securities are deposited; and *provided, further,* that in such event, the Trustee shall receive an opinion of Bond Counsel to the effect that such action will not, in and of itself, cause the interest on any Outstanding Bonds issued as Tax-Exempt Obligations to be includable in gross income for federal tax purposes.

Section 317. Purposes, Authorization and Description of Additional Bonds. (1) After the execution, authentication and delivery of the Bonds, Additional Bonds of the Authority may be authorized to be issued pursuant to and in accordance with the terms of the Act, either (a) for the purpose of raising funds to purchase the Local Unit Bond or (b) for the purpose of refunding any Bonds.

(2) Any Series of Additional Bonds of the Authority shall be issued only after authorization thereof by a Supplemental Resolution of the Authority duly adopted prior to their authentication and delivery upon original issuance. Such Supplemental Resolution shall state the purpose or purposes for which such Additional Bonds are being issued, shall direct the application of the proceeds to be derived from the sale thereof to such purpose or purposes, and shall direct the execution and authentication thereof. Such Supplemental Resolution shall fix and determine, or authorize an Authorized Authority Representative to execute a Certificate of Authority Officer that shall fix and determine, the date, principal amount, denominations, designation and numbers thereof, the rate or rates of interest or maximum rate of interest to be borne thereby, the place or places of payment therefor, the redemption privileges of the Authority, if any, with respect thereto, the amount and date of each Sinking Fund Installment for the retirement of any Term Bonds, if any, and any other provisions thereof, all in accordance with the terms of this Resolution. Upon such authorization, such Additional Bonds may upon original issuance, at one time, or from time to time, be executed by or on behalf of the Authority and delivered to the Trustee for authentication by the Trustee, as provided in this Resolution, and thereafter such Additional Bonds shall be authenticated by the Trustee upon original issuance and, upon fulfillment of the applicable conditions set forth in Section 318 hereof, shall be delivered by the Trustee to the Authority, or upon its order.

(3) All Additional Bonds shall be substantially in the form and tenor of Bonds as provided in Sections 303 and 1207 hereof, except that, notwithstanding any other provision contained in this Resolution to the contrary, such Additional Bonds shall be issued in such

principal amounts, shall be of such denominations, shall bear such dated date and such maturity date or dates, shall bear such designation as to Series, numbers or symbols prefixed to their number distinguishing them from each other Bond, shall be subject to redemption prior to maturity on such terms and conditions that are consistent with the provisions of this Resolution, shall bear interest from such date at such rate or such different or varying rates of interest per annum and shall be payable at such times as may be fixed by the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds or by a Certificate of Authority Officer that was authorized to be executed by the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds.

(4) All Additional Bonds authorized by a Supplemental Resolution of the Authority shall constitute Bonds of a single or multiple Series, as specifically provided in such Supplemental Resolution. No bonds shall constitute Additional Bonds unless they are authenticated by the Trustee upon original issuance, and thereafter by the Registrar (except as provided herein with reference to Book-Entry Bonds), as provided in this Resolution, nor shall such Additional Bonds be entitled to any right or benefit under this Resolution unless they are so authenticated, and no Additional Bond shall be valid and obligatory for any purpose of this Resolution unless said Additional Bond shall have been so authenticated.

(5) After their authentication and delivery by the Trustee upon original issuance, Additional Bonds of a particular Series shall for all purposes hereof be deemed to constitute Bonds under this Resolution, shall be on parity with all Bonds issued pursuant to this Resolution, shall be entitled to the pledge of the Revenues and other moneys, securities and funds provided by this Resolution, by any Supplemental Resolution of the Authority or by a Certificate of Authority Officer that was authorized to be executed by the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds, and shall be entitled to the security and benefit of such pledge and of the provisions of this Resolution.

Section 318. Conditions Precedent to Issuance of Additional Bonds. The Trustee shall not deliver to the Authority, or upon its order, any Additional Bonds pursuant to the terms of this Resolution unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee, in addition to the documents or amounts required to be delivered pursuant to the provisions of Section 316 hereof (except to the extent otherwise provided in this Section 318) the following:

(a) A copy of the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds, stating the purpose or purposes for the issuance of such Additional Bonds and otherwise conforming with the provisions of Section 317 hereof, and if such Additional Bonds are authorized for any purpose other than the refunding of Bonds, such Supplemental Resolution shall describe in brief and general terms the additional Local Unit Bonds to be financed by the issuance of such Additional Bonds, each certified by the Secretary or Assistant Secretary of the Authority;

(b) A copy of the Supplemental Resolution duly adopted by the Authority or the Certificate of Authority Officer that was authorized to be executed by such Supplemental Resolution, as the case may be, fixing the rate or rates of interest on such Additional Bonds and all other terms and provisions thereof that are not fixed by the Supplemental Resolution referred

to in subparagraph (a) above or in this Resolution, if any, certified by the Secretary or Assistant Secretary of the Authority;

(c) The written order of the Authority as to the delivery of such Additional Bonds, signed by an Authorized Authority Representative, stating, among other things, (1) the amount of the proceeds derived from the sale of such Additional Bonds, (2) the amount, if any, of such proceeds paid by the Authority to the Trustee for deposit in the Bond Service Fund, and (3) the amount, if any, of such proceeds paid by the Authority to the Trustee or the delivery of a Bond Reserve Credit Facility, or any combination of the foregoing, that is required to be deposited in the Bond Reserve Fund so that the amount in such fund equals the Bond Reserve Requirement immediately after the authentication and delivery of such Additional Bonds;

(d) The amount, if any, that is stated in said written order as the amount of such proceeds that will be paid by the Authority to the Trustee for deposit in the Bond Service Fund, which amount shall be deposited by the Trustee in the Bond Service Fund and held therein;

(e) The amount, if any, that is stated in said written order as the amount of such proceeds that will be paid by the Authority to the Trustee for deposit in the Bond Reserve Fund, which amount shall be deposited by the Trustee in the Bond Reserve Fund and held therein, or a Bond Reserve Credit Facility in an amount that satisfies the requirement of subparagraph (c)(3) above;

(f) The amount of such proceeds that will remain after deducting the amount, if any, paid to the Trustee in accordance with the terms of subparagraphs (d) and (e) above, as applicable to such Series of Bonds, which amount shall be paid to the Trustee and deposited in the Acquisition Fund;

(g) An opinion of Bond Counsel approving the form of the Supplemental Resolution authorizing the issuance of the Additional Bonds and stating that: (1) such Bonds are authorized to be issued for a purpose referred to in Section 317(1) hereof; (2) the terms and provisions of the Supplemental Resolution conform to the requirements of the Act and this Resolution; (3) the written order, certificates and amounts of money that are delivered or paid to the Trustee in accordance with the provisions of this Section 318 constitute compliance with the conditions hereinabove stated for the authentication and delivery of such Additional Bonds; (4) all of the conditions precedent to the authentication and delivery of the Additional Bonds have been satisfied and the Trustee may lawfully authenticate the Additional Bonds upon original issuance; and (5) upon the execution, authentication and delivery of the Additional Bonds, all Revenues thereafter to be derived will be pledged under and subject to the lien and pledge created by this Resolution free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, except to the extent specifically provided herein;

(h) If the Additional Bonds are entitled to the benefits of a Credit Facility, the original of such Credit Facility issued with respect to such Additional Bonds, together with the amount of any premium or fee that is due and payable upon delivery of the Additional Bonds with respect to such Credit Facility from the proceeds derived from the sale of such Additional Bonds;

(i) If such Series of Additional Bonds are entitled to the benefits of a Credit Facility, an opinion of counsel to any issuer of a Credit Facility stating, in the opinion of the signer, that such Credit Facility constitutes a legal, valid and binding obligation of such issuer of the Credit Facility and is enforceable in accordance with its terms; *provided, however*, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally;

(j) A Certificate of Authority Officer setting forth a listing of any additional documents that are required to be executed and delivered pursuant to the terms of any contract executed by or on behalf of the Authority in connection with the sale of the Additional Bonds;

(k) Each of the documents that are set forth in the Certificate of Authority Officer described in paragraph (j) above, unless waived by the purchaser of such Additional Bonds;

(l) Such other documents as may be required by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Additional Bonds upon original issuance;

(m) (1) In the event that such Additional Bonds are issued as Tax-Exempt Obligations, an opinion of Bond Counsel stating that the interest on such Additional Bonds is not includable as gross income under the provisions of the Code and that the issuance of such Additional Bonds will not cause the interest on any Outstanding Bonds that were issued as Tax-Exempt Obligations to be includable as gross income under the provisions of the Code; and

(2) If such Additional Bonds are authorized for the purpose described in clause (a) of paragraph (1) of Section 317 hereof, the Trustee shall deposit the proceeds that are derived from the sale thereof referred to in Section 318(f) hereof in the Acquisition Fund, and the moneys so deposited shall be applied by the Authority and by the Trustee to pay the cost of the acquisition, construction or improvement described in the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds; and

(3) If such Additional Bonds are authorized for the purpose described in clause (b) of paragraph (1) of Section 317 hereof, the Trustee shall apply the remaining proceeds that are derived from the sale thereof referred to in Section 318(f) hereof as follows: (a) an amount as is set forth in a Certificate of Authority Officer that is sufficient to pay the costs incurred in connection with the authorization, issuance and delivery of such Additional Bonds shall be deposited in the Acquisition Fund; and (b) the remaining amounts shall be applied to the refunding of such Bonds in accordance with the terms of the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds or the Certificate of Authority Officer authorized to be executed by such Supplemental Resolution relating to the issuance of such Additional Bonds; and

(4) In the event that such Additional Bonds are entitled to the benefit of a Credit Facility, any additional conditions precedent to the issuance of such Additional Bonds that are required under the terms of such Credit Facility shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Additional Bonds or the Certificate of Authority Officer authorized to be executed by such

Supplemental Resolution prior to or simultaneously with the authentication and delivery of such Additional Bonds; and

(n) A certified copy of the ordinance authorizing the County Guaranty, along with duly certified copies of the authorization proceedings related thereto, and a fully executed copy of the Guaranty Agreement.

ARTICLE IV

ACQUISITION FUND

Section 401. Establishment of Acquisition Fund. The Authority hereby establishes and creates a special fund, designated the "Acquisition Fund", which shall be held by the Trustee and in which may be deposited any moneys received by the Authority from any source for payment of the Costs of the Local Unit Bond or the proceeds (or any portion thereof) derived from the issuance of any Bonds. Amounts deposited in the Acquisition Fund shall be held by the Trustee in trust and shall be applied (in accordance with and subject to the limitations of this Article IV) to pay the Purchase Price of the Local Unit Bond, and such moneys are hereby pledged, pending application to the payment of such Purchase Price, to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds and such moneys shall at all times be subject to the lien of such pledge. Notwithstanding anything above to the contrary, the Trustee may from time to time establish subaccounts within any account that is created with respect to the Costs of the Local Unit Bond.

Section 402. Purpose of Acquisition Fund. The Trustee shall make withdrawals from the Acquisition Fund for payment of the Purchase Price of the Local Unit Bond in accordance with, and upon satisfaction of, the terms of this Article IV. All payments from the Acquisition Fund shall be subject to the provisions and restrictions set forth in this Article IV, and the Authority shall not cause or permit to be paid from the Acquisition Fund any sums except in accordance with such provisions and restrictions.

Section 403. Payments from Acquisition Fund. Upon execution of the Bond Purchase Agreement, and upon receipt of a Certificate of Authority Officer requesting payment, the Trustee shall make payment from the Acquisition Fund in the full amount of the Purchase Price as specified in the Authority's Bond Purchase Agreement with the Local Unit. Such Certificate of Authority Officer shall indicate, among other things, the amount of the payment requested and that all other terms and conditions of the Authority's Bond Purchase Agreement with the Local Unit have been satisfied by the Authority.

Section 404. Interim Investment of Acquisition Fund. Any moneys held in the Acquisition Fund (or in any subaccount created and established pursuant to the provisions of Section 401 hereof) shall be invested by the Trustee, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), in Investment Obligations; *provided, however,* that the maturity of every such Investment Obligation shall not be later than the time when such funds are needed to be applied to pay debt service on the Bonds. Unless otherwise determined by a Certificate of Authority Officer, investment income shall be held in the Acquisition Fund and applied in accordance with the terms of Article IV and Section 1206 hereof.

Section 405. Disposition of Balance in Acquisition Fund. (a) The Trustee, when directed in writing by an Authorized Authority Representative, shall apply the balance on deposit in the Acquisition Fund as provided in, and upon the terms and conditions set forth in, this Article IV.

(b) Upon receipt of a Certificate of Authority Officer, the Trustee shall apply the balance in the Acquisition Fund, in excess of the amount stated in the certificate referred to in subparagraph (a) above, to either the payment of (1) the principal of or interest on the Bonds, (2) any Sinking Fund Installment of any Series of Bonds issued for or with respect to the Local Unit Bond, (3) the Redemption Price of any Bonds, all in accordance with such Certificate of Authority Officer, or (4) any other cost that, in the opinion of Bond Counsel, will not in and of itself cause the interest on any Bonds issued as Tax-Exempt Obligations to be included in gross income for purposes of the Code.

ARTICLE V

REVENUES AND FUNDS

Section 501. Establishment of Funds. (1) In addition to the Acquisition Fund, the Authority hereby establishes and creates the following special funds:

- (a) Revenue Fund;
- (b) Bond Service Fund;
- (c) Sinking Fund;
- (d) County Repayment Fund;
- (e) Bond Reserve Fund;
- (f) Operating Fund;
- (g) General Fund; and
- (h) Rebate Fund.

(2) Each of said funds shall be held by the Trustee.

(3) Other funds or accounts may be created by Supplemental Resolution of the Authority duly adopted by the Authority or by a Certificate of Authority Officer duly authorized to be executed by a Supplemental Resolution, duly executed prior to the authentication and delivery of a particular Series of Bonds upon original issuance; *provided, however*, that prior to the creation of any such fund or account, the Authority shall deliver a written opinion of Bond Counsel to the Authority stating that, in the opinion of such firm, the creation of such fund or account will not adversely affect the rights of existing Bondholders.

Section 502. Pledge Securing Bonds. (a) The Bonds of each Series are hereby separately and individually secured by (i) the Revenues available for such Series of Bonds (except such moneys that are required to be rebated to the United States government pursuant to the provisions of the Code in order to insure that interest on any Bonds issued as Tax-Exempt Obligations continues to be excludable from gross income under the Code) and (ii) all moneys, securities and funds held or set aside, or to be held or set aside, with respect to any Series of Bonds pursuant to the terms of this Resolution or any Supplemental Resolution or held in any funds or accounts established and created under Sections 401 and 501 hereof or by the terms of any Supplemental Resolution for each Series of Bonds and into which shall be deposited the Revenues (other than amounts on deposit in the Rebate Fund).

(b) In the event that any Series of Bonds is entitled to the benefits of the Bond Guaranty, any moneys required to be paid to the Trustee by the County pursuant to the terms of the Bond Guaranty are hereby pledged to secure the payment of the principal of and interest on the Bonds of such Series and shall not be available for any other purpose under this Resolution.

Upon receipt of any such moneys by the Trustee, such moneys shall be deposited in the Bond Reserve Fund to satisfy the Bond Reserve Requirement and shall be applied in accordance with the provisions of Section 507 hereof.

(c) In the event that any Credit Facility is provided with respect to any Series of Bonds, any moneys made available under the terms of such Credit Facility are pledged solely to secure the payment of the principal of and interest on the Bonds of such Series and shall not be available for any other purpose under this Resolution. Upon receipt of any such moneys by the Trustee, such moneys shall be deposited in the Bond Service Fund and applied in accordance with the provisions of Section 505 hereof.

(d) This pledge shall be valid and binding from and after the date of the first delivery by the Trustee of the first Bond authenticated and delivered under the terms of this Resolution. The Revenues and other moneys, securities and funds so pledged for each Series of Bonds and thereafter received by the Authority, and any other moneys hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations issued by the Authority and all other liabilities of the Authority. The lien of such pledge shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof.

Section 503. Deposit of Revenues and Other Payments. (1) From and after the authentication and delivery of the first Bond to be so authenticated and delivered under the terms of this Resolution, all Revenues shall upon receipt be deposited by the Trustee into the Revenue Fund. The Trustee shall be accountable only for moneys that are actually so deposited.

(2) Any moneys held in the Revenue Fund shall be invested, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; *provided, however,* that the maturity of every such Investment Obligation shall not be later than the first Business Day next preceding the Withdrawal Date.

(3) Any payments made by the County pursuant to the terms of the Bond Guaranty shall be made to the Trustee and deposited in the Bond Reserve Fund to satisfy the Bond Reserve Requirement and shall be applied in accordance with the provisions of Section 507 hereof.

Section 504. Periodic Withdrawals From Revenue Fund. Except as set forth above, from time to time as moneys are received in the Revenue Fund, the Trustee shall make payments from moneys on deposit in the Revenue Fund into the following several funds or accounts, but as to each such fund or account only within the limitation herein below indicated with respect thereto and only after maximum payment within such limitation into every such fund or account previously mentioned in the following tabulation:

First: Into the Bond Service Fund, to the extent, if any, needed to increase the amount on deposit therein relating to each Series of Bonds, until the amount on deposit equals the Bond Service Requirement with respect to such Series of Bonds;

Second: Into the Sinking Fund, to the extent, if any, needed to increase the amount on deposit therein relating to each Series of Bonds, until the amount on deposit equals the Sinking Fund Requirement with respect to such Series of Bonds;

Third: Into the Bond Reserve Fund, to the extent, if any, needed to increase the amount on deposit therein relating to each Series of Bonds, until the amount on deposit equals the Bond Reserve Requirement with respect to such Series of Bonds;

Fourth: Into the County Repayment Fund, to the extent, if any, needed to increase the amount on deposit therein relating to each Series of Bonds, until the amount on deposit equals the County Repayment Requirement with respect to such Series of Bonds;

Fifth: Into the Operating Fund, to the extent, if any, needed to increase the amount on deposit therein relating to each Series of Bonds, until the amount on deposit equals the Operating Fund Requirement; and

Sixth: Into the General Fund, to the extent any funds are available.

Section 505. Application, Investment and Restoration of Bond Service Fund. (1) Unless otherwise provided in a Supplemental Resolution or a Certificate of Authority Officer authorized to be executed by such Supplemental Resolution authorizing the issuance of such Bonds, immediately prior to each Interest Payment Date of the Bonds, the Trustee shall withdraw from the Bond Service Fund an amount equal to the interest that is due and payable on the Bonds on such Interest Payment Date, and shall cause the same to be deposited with the Paying Agent who shall apply the same to the payment of said interest when due.

(2) Unless otherwise provided in a Supplemental Resolution or a Certificate of Authority Officer authorized to be executed by such Supplemental Resolution authorizing the issuance of such Bonds, if the withdrawals required to be made under the provisions of paragraph (1) of this Section 505 with respect to the same and every prior date shall have been made, the Trustee shall withdraw from the Bond Service Fund, prior to each Principal Installment Date of the Bonds, an amount equal to the Principal Installment of the Bonds, if any, maturing on said date, and shall cause the same to be deposited with the Paying Agent who shall apply such amounts to the payment of said principal of when due.

(3) If the withdrawals required to be made under the provisions of paragraphs (1) and (2) of this Section 505 with respect to the same and every prior date shall have been made, the Trustee shall withdraw from time to time from the Bond Service Fund and pay into any account maintained in the Sinking Fund the amount that is sufficient to reimburse said account for any Sinking Fund Installment paid from said account and accrued interest on said Bonds that have been purchased in accordance with the provisions of Section 506 hereof.

(4) If at any time there shall not be a sufficient amount on deposit in the Bond Service Fund to provide for any withdrawal therefrom required to be made under the provisions of paragraph (1), (2) or (3) of this Section 505 in order to pay any Series of Bonds, the Trustee shall, on or prior to the date on which payment from the Bond Service Fund is required to be

made, withdraw an amount that is sufficient to make up such deficiency from the Bond Reserve Fund and shall deposit same into the Bond Service Fund.

(5) If the withdrawals required under the provisions of paragraphs (1), (2) and (3) of this Section 505 with respect to the same and every prior date shall have been made and if at any time County Guaranty Costs shall have been incurred to, *inter alia*, satisfy the Bond Reserve Requirement on the Bonds, then the Trustee shall withdraw from the Bond Service Fund and pay into the County Repayment Fund an amount equal to the County Repayment Requirement.

(6) If, on the Payment Verification Date, the available funds on deposit in the Bond Service Fund and the Bond Reserve Fund are insufficient to provide for the amounts due and payable on the Payment Date, the Trustee shall notify the Authority, the Local Unit and the County in writing no later than 3:00 p.m. on the second Business Day after the Payment Verification Date of the amount that is necessary to provide for the full payment of the amounts due and payable on the Payment Date. The Trustee shall demand that the Local Unit pay the deficiency within fifteen days prior to such Payment Date. The Trustee and the Authority shall cooperate with the requests of the County to secure payment from the Local Unit on the Local Unit Bond. If the deficiency of the Local Unit is not cured within fifteen days prior to such Payment Date, the Trustee shall notify the County within two Business Days thereafter and the County shall make payment in immediately available funds to the Trustee in the amount of such deficiency. Any payment made by the County with respect to any Series of Bonds shall be deposited by the Trustee into the Bond Reserve Fund as and to the extent provided in Section 507 hereof to satisfy the Bond Reserve Requirement, which amount may be transferred by the Trustee to the Bond Service Fund as and to the extent provided in this Section 505. If, at any time thereafter, there shall not be a sufficient amount on deposit in the Bond Service Fund and the Bond Reserve Fund to provide for any withdrawal therefrom required to be made under the provisions of this Section 505 in order to pay any Series of Bonds, the Trustee shall exercise its rights under the Bond Guaranty to cause the County to make the payments required pursuant to the terms of the Bond Guaranty.

(7) The failure of the Trustee to provide the County notice as provided in paragraph (6) of this Section 505 shall not relieve the County of its obligation to make payment under the terms of the Bond Guaranty. Nothing herein shall be construed as a waiver of the County's right to proceed against the Authority, the Local Unit or the Trustee for the County's damages or County Guaranty Costs, if any, arising from the failure to give timely notice to the County.

(8) Any moneys on deposit in the Bond Service Fund shall be invested, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; *provided, however*, that the maturity of every such Investment Obligation shall not be later than the time when such funds are needed to be applied to pay the principal of or interest on any Bonds. Any investment income derived from the investment of moneys on deposit in the Bond Service Fund shall remain in the Bond Service Fund; *provided, however*, that prior to the full payment of the principal of and interest on the Local Unit Bond, upon written request of an Authorized Authority Representative, investment income derived from the investment of moneys representing capitalized interest on any Bonds that were deposited in the Bond Service Fund from the proceeds derived from the sale of such Bonds shall be deposited in the Acquisition Fund.

(9) No amount shall be withdrawn from or paid out of the Bond Service Fund except as expressly provided in this Section 505 or in Section 1005 hereof.

Section 506. Application, Investment and Restoration of Sinking Fund. (1) The Trustee shall establish and maintain in the Sinking Fund a separate account for each Series of Term Bonds for which Sinking Fund Installments are established in accordance with the terms of this Resolution. Moneys paid into the accounts in the Sinking Fund in any Fiscal Year relating to any Series of Bonds pursuant to the terms of Section 504 hereof shall, upon receipt, be segregated and shall be set aside in such accounts in proportion to the respective amounts of the Sinking Fund Installments that are payable during such Fiscal Year with respect to the particular Term Bonds for such Series of Bonds for which each such account is maintained. Moneys paid into any accounts within the Sinking Fund with respect to each Series of Bonds pursuant to the terms of Section 505 hereof shall, upon receipt, be set aside in the account maintained therein with respect to which such payment is a reimbursement. Moneys paid into any account within the Sinking Fund established for each Series of Bonds pursuant to the terms of paragraph (2) of this Section 506 on account of any particular Sinking Fund Installment shall be set aside in the account maintained therein for the particular Term Bonds that are entitled to said Sinking Fund Installment. All other moneys paid into the Sinking Fund shall, upon receipt, be segregated and set aside by the Trustee in such accounts in proportion to the respective principal amount of Term Bonds for which each such account is maintained for each Series of Bonds.

(2) If, on the date established for the payment of any Sinking Fund Installment for the Bonds, the full amount of all Sinking Fund Installments payable on such date shall not have been paid into the Sinking Fund pursuant to the terms of Section 504 hereof, the Trustee shall withdraw from the Bond Reserve Fund and shall pay into the Sinking Fund on account of such Sinking Fund Installments the amount that was not previously paid into the Sinking Fund.

(3) If at any time there shall not be a sufficient amount in the Sinking Fund to provide for any withdrawal therefrom required under the provisions of paragraph (1) or (2) of this Section 506, the Trustee shall withdraw from the Bond Reserve Fund and shall pay into the Sinking Fund the amount sufficient to make up such deficiency therein. Such withdrawal shall be paid (a) *first* from cash on deposit in the Bond Reserve Fund, (b) *second* from the Bond Reserve Credit Facility, if any; *provided*, that the Trustee shall give notice to the provider of such Bond Reserve Credit Facility as may be required to insure that the amounts, if any, to be drawn shall be available to make the required withdrawals from the Sinking Fund, and (c) *third* from payments made pursuant to the Bond Guaranty, if any (*provided, however*, that payments made pursuant to the Bond Guaranty shall in no event be used to fund the County Repayment Fund) pursuant to paragraph (4) of this Section 506.

(4) If, on the Payment Verification Date, the available funds on deposit in the Sinking Fund are insufficient to provide for the amounts due and payable on the Payment Date, the Trustee shall notify the Authority, the Local Unit and the County in writing no later than 3:00 p.m. on the second Business Day after the Payment Verification Date of the amount that is necessary to provide for the full payment of the amounts due and payable on the Payment Date. The Trustee shall demand that the Local Unit pay the deficiency within fifteen days prior to such Payment Date. The Trustee and the Authority shall cooperate with the requests of the County to secure payment from the Local Unit on the Local Unit Bond. If the deficiency of the Local Unit

is not cured within fifteen days prior to such Payment Date, the Trustee shall notify the County within two Business Days thereafter and the County shall make payment in immediately available funds to the Trustee of the amount of such deficiency. Any payment made by the County with respect to any Series of Bonds shall be deposited by the Trustee into the Bond Service Fund as and to the extent provided in this Section 506 to satisfy the Sinking Fund Requirement, which amount may be transferred by the Trustee to the Sinking Fund as and to the extent provided in this Section 506. If, at any time thereafter, there shall not be a sufficient amount on deposit in the Sinking Fund to provide for any withdrawal therefrom required to be made under the provisions of this Section 506 in order to pay any Series of Bonds, the Trustee shall exercise its rights under the Bond Guaranty to cause the County to make the payments required pursuant to the terms of the Bond Guaranty.

(5) The Trustee shall apply the moneys in any account that has been established in the Sinking Fund, as provided in paragraph (1) of this Section 506, to the purchase or redemption of the Bonds for which such account is maintained, in the manner provided in this Section 506, or to the payment of the principal thereof at maturity, as the case may be. If on any date there shall be moneys in any such account and none of the Term Bonds for which such account was established shall be Outstanding, said account shall be closed and the moneys on deposit therein shall (upon the written direction of the Authority) be withdrawn therefrom by the Trustee and shall be (a) segregated and set aside in the other accounts in the Sinking Fund as if and with the same effect as if paid into the Sinking Fund by the Authority on said date pursuant to the terms of Section 504 hereof, or (b) if no other accounts shall be maintained in the Sinking Fund, paid into the Revenue Fund.

(6) The purchase price that shall be paid by the Trustee (excluding accrued interest, but including any brokerage and other charges) for any Bond that shall be purchased pursuant to the terms of this Section 506 shall not exceed the Redemption Price of such Bond applicable upon its redemption through the application of the moneys available for such purpose on the next date on which such Bond could be redeemed in accordance with its terms by operation of the Sinking Fund. Subject to the limitations hereinbefore set forth or referred to in this Section 506, at the written direction of the Authority, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Trustee, in its sole discretion, may determine and as may be possible with the amount of moneys available therefor in the Sinking Fund. The principal amount of the Bonds so purchased may be applied by the Trustee (at the written direction of the Authority) toward satisfaction of the Sinking Fund Installment due in the current or any future Fiscal Year.

(7) As soon as practicable after the sixtieth day and before the thirtieth day prior to each Sinking Fund Installment Date, the Trustee shall select for redemption on such Sinking Fund Installment Date such amount of Term Bonds of the Series for which the Sinking Fund Installment was established as will exhaust all moneys required to have been deposited in the Sinking Fund as of such Sinking Fund Installment Date. Accrued interest on the Bonds to be redeemed shall be paid from the Bond Service Fund and all expenses incurred by the Trustee in connection with such redemption shall be paid from the Revenue Fund or the General Fund. Unless otherwise provided in a Supplemental Resolution authorizing the issuance of such Bonds, all Bonds that are redeemed under the provisions of this Section 506 shall be redeemed in the manner provided in Article VII of this Resolution. Prior to the date fixed for redemption, the

Trustee shall withdraw from the Sinking Fund the amount of the Redemption Price of such Bonds, and such amount shall be transferred to the Paying Agent who shall apply the same to the redemption of such Bonds on the date fixed for redemption.

(8) Investment income derived from the investment of any funds held in any account or subaccount within the Sinking Fund shall be deposited by the Trustee, upon receipt, in the Revenue Fund.

(9) Any moneys held in the Sinking Fund shall be invested, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; *provided, however*, that the maturity of every such Investment Obligation shall not be later than the time when such funds are needed for the purposes of the Sinking Fund.

(10) No amount shall be withdrawn from or paid out of the Sinking Fund except as expressly provided in this Section 506 or in Section 1005 hereof.

Section 507. Application and Investment of Bond Reserve Fund. (1) If, on the Payment Verification Date, the available funds on deposit in the Bond Service Fund are insufficient to provide for the amounts due and payable on the Payment Date, the Trustee shall transfer such deficiency from the Bond Reserve Fund to the Bond Service Fund. If, on such Payment Verification Date, the available funds on deposit in the Bond Reserve Fund are insufficient to provide for the amounts due and payable on the Payment Date and are in an amount less than the Bond Reserve Requirement, the Trustee shall notify the Authority, the Local Unit and the County in writing no later than 3:00 p.m. on the second Business Day after the Payment Verification Date of the amount that is necessary to provide for the full payment of the amounts due and payable on the Payment Date. The Trustee shall demand that the Local Unit pay the deficiency within fifteen days prior to such Payment Date. The Trustee and the Authority shall cooperate with the requests of the County to secure payment from the Local Unit on the Local Unit Bond. If the deficiency of the Local Unit is not cured within fifteen days prior to such Payment Date, the Trustee shall notify the County within two Business Days thereafter and the County shall make payment in immediately available funds to the Trustee of the amount of such deficiency. Any payment made by the County with respect to any Series of Bonds shall be deposited by the Trustee into the Bond Reserve Fund as and to the extent of the Bond Reserve Requirement. The Trustee shall then transfer such money paid by the County into the Bond Reserve Fund to the Bond Service Fund for the payment of the principal of and interest on such Bonds on said Payment Date. If, at any time thereafter, there shall not be a sufficient amount on deposit in the Bond Reserve Fund that satisfies the Bond Reserve Requirement, the Trustee shall exercise its rights under the Bond Guaranty to cause the County to make the payments required pursuant to the terms of the Bond Guaranty to have the amount on deposit in the Bond Reserve Bond equal to the Bond Reserve Requirement.

(2) If, on any Interest Payment Date, (a) the amount on deposit in the Bond Service Fund equals or exceeds any unpaid interest then due and payable on Outstanding Bonds, *plus* the interest, if any, to become due on Outstanding Bonds on or before the next succeeding Interest Payment Date, *plus* the principal installment of any Outstanding Bonds that have matured and remain unpaid, *plus* the principal installment of Outstanding Bonds, if any, maturing at or before

the next succeeding Principal Installment Date, and (b) all withdrawals or payments from the Bond Reserve Fund required to be made by any other provision of this Resolution shall have been made, the Trustee shall withdraw from the Bond Reserve Fund the amount of any excess therein over the Bond Reserve Requirement, as determined on such date, and shall pay the moneys so withdrawn into the County Repayment Fund.

(3) Any moneys on deposit in the Bond Reserve Fund shall be invested by the Trustee, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), in Investment Obligations; *provided, however*, that the maturity of the Investment Obligations on deposit in the Bond Reserve Fund shall be limited to the lesser of five years or the period remaining to the last maturity date of the Bonds for which such Bond Reserve Fund was established. All income derived from the investment of moneys on deposit in the Bond Reserve Fund shall be deposited in the Revenue Fund to the extent the Bond Reserve Requirement has been satisfied, unless otherwise permitted to be transferred to another fund or account pursuant to the terms of this Resolution; *provided, however*, that (a) prior to full payment of the principal of and interest on the Bonds, such investment income may be deposited in the Acquisition Fund, or (b) subsequent to full payment of the principal of and interest on the Bonds (such completion being evidenced by the disbursement of all funds held in the Acquisition Fund or any account therein), such investment income shall be retained in the Bond Reserve Fund (to the extent necessary so that the amount on deposit in the Bond Reserve Fund equals the Bond Reserve Requirement), in each case, at the written direction of an Authorized Authority Representative.

(4) No amount shall be withdrawn from or paid out of the Bond Reserve Fund except as expressly provided in this Section 507 or in Section 505, Section 506, Section 511 or Section 1005 hereof.

Section 508. Application and Investment of County Repayment Fund. (1) Amounts payable to the Authority and the County, constituting Additional Local Unit Bond Payments and County Guaranty Costs, shall first be deposited in the Revenue Fund and shall thereafter be deposited in the Bond Service Fund, the Sinking Fund and the Bond Reserve Fund in accordance with the terms hereof, immediately thereafter the Trustee shall deposit the remaining Revenues in the County Repayment Fund in an amount equal to the County Repayment Requirement.

(2) Amounts deposited in the County Repayment Fund shall be paid out by the Trustee from time to time for County Guaranty Costs, including any items constituting Additional Local Unit Bond Payments upon requisition therefor submitted to the Trustee and signed by an Authorized County Representative certifying: (i) the name of the person, firm or corporation to whom each such payment is due; (ii) the respective amounts to be paid; (iii) the purpose by general classification for which each obligation in the stated amounts has been or will be incurred; and (iv) each obligation in the stated amounts has been or will be incurred by or on behalf of the County and that each item thereof is a proper charge against the County Repayment Fund and has not been previously paid.

(3) If on any date the amount on deposit in the County Repayment Fund exceeds the County Repayment Requirement and all withdrawals or payments from the County Repayment Fund required to be made by any other provision of this Resolution shall have been made, the Trustee shall withdraw from the County Repayment Fund the amount of any excess therein over

the County Repayment Requirement as determined on such date and shall pay the moneys so withdrawn into the Operating Fund.

(4) Any moneys on deposit in the County Repayment Fund shall be invested, at the oral direction of an Authorized County Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; *provided, further*, that the maturity of every such Investment Obligation shall not be later than the time when such funds are needed to be applied to pay the County Repayment Requirement. Any investment income derived from the investment of moneys on deposit in the County Repayment Fund shall remain in the County Repayment Fund.

Section 509. Operating Fund. (1) Pursuant to an order of the Authority simultaneously delivered to the Trustee upon the original issuance of the Bonds, any Bond proceeds representing the Initial Authority Financing Fee shall be immediately deposited in the Operating Fund. Such amount shall be paid by the Trustee to the Authority.

(2) Amounts payable to the Authority and to the County, constituting Additional Local Unit Bond Payments, shall first be deposited to the Revenue Fund and shall thereafter be deposited into the Bond Service Fund, the Sinking Fund, the Bond Reserve Fund and the County Repayment Fund in accordance with the terms hereof, immediately thereafter the Trustee shall deposit the remaining Revenues in the Operating Fund in an amount equal to the Operating Fund Requirement.

(3) Amounts deposited in the Operating Fund shall be paid out by the Trustee to the Authority for Authority Administrative Expenses as the same are incurred from time to time, including expenses incurred by the Authority in the performance of an arbitrage rebate calculation, and any other items constituting Additional Local Unit Bond Payments upon requisition therefor submitted to the Trustee and signed by an Authorized Authority Representative certifying: (i) the name of the person, firm or corporation to whom each such payment is due; (ii) the respective amounts to be paid; (iii) the purpose by general classification for which each obligation in the stated amounts has been or will be incurred; and (iv) each obligation in the stated amounts has been or will be incurred by or on behalf of the Authority and that each item thereof is a proper charge against the Operating Fund and has not been previously paid.

(4) If on any date the amount on deposit in the Operating Fund exceeds the Operating Fund Requirement and all withdrawals or payments from the Operating Fund required to be made by any other provision of this Resolution shall have been made, the Trustee shall withdraw from the Operating Fund the amount of any excess therein over the Operating Fund Requirement as determined on such date and shall pay the moneys so withdrawn into the General Fund.

(5) Any moneys on deposit in the Operating Fund shall be invested, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; *provided, further*, that the maturity of every such Investment Obligation shall not be later than the time when such funds are needed to be applied to pay the Operating Fund Requirement. Any investment income derived from the investment of moneys on deposit in the Operating Fund shall be transferred by the Trustee to the Bond Service Fund.

Section 510. Application and Investment of General Fund. (1) If on any date: (a) the amount on deposit in the Bond Reserve Fund shall be less than the Bond Reserve Requirement, as calculated on such date, the Trustee shall withdraw from the General Fund and shall pay into the Bond Reserve Fund the amount needed to increase the amount on deposit in the Bond Reserve Fund so that it equals the Bond Reserve Requirement; (b) the amount on deposit in the County Repayment Fund shall be less than the County Repayment Requirement, as calculated on such date, the Trustee shall withdraw from the General Fund and shall pay into the County Repayment Fund the amount needed to increase the amount on deposit in the County Repayment Fund so that it equals the County Repayment Requirement; and (c) the amount on deposit in the Operating Fund shall be less than the Operating Fund Requirement, as calculated on such date, the Trustee shall withdraw from the General Fund and shall pay into the Operating Fund the amount needed to increase the amount on deposit in the Operating Fund so that it equals the Operating Fund Requirement.

(2) Notwithstanding any other provision of this Resolution, whenever at any date in any Fiscal Year, (a) the amount on deposit in the Bond Service Fund equals or exceeds the Bond Service Requirement, (b) the amount on deposit in the Sinking Fund, if any, equals or exceeds the Sinking Fund Requirement, (c) the amount on deposit in the Bond Reserve Fund equals or exceeds the Bond Reserve Requirement, (d) the amount on deposit in the County Repayment Fund equals or exceeds the County Repayment Requirement, (e) the amount on deposit in the Operating Fund equals or exceeds the Operating Fund Requirement, (f) the Authority is not in default in the payment of the principal of, redemption premium, if any, or interest on any of the Bonds, (g) the Authority is not in default in the payment of any costs due and payable to the issuer of any Credit Facility pursuant to the terms of any agreement between the Authority and such issuer, (h) all County Guaranty Costs have been paid to the County, (i) all amounts required to be rebated to the United States government have been paid, and (j) all Authority Administrative Expenses have been paid, the Trustee shall, upon receipt of the written direction of the Authority, withdraw from and pay out of the General Fund to the Authority, free and clear of any lien or pledge created by the terms of this Resolution, any amount then on deposit in the General Fund. All amounts so withdrawn by the Trustee from the General Fund shall forthwith upon withdrawal be paid to the Authority and such amounts may be used by the Authority for any lawful purpose. Unless otherwise specifically provided by the Authority, all amounts so paid to the Authority shall, upon withdrawal, be forever free and clear of any lien or pledge created by the terms of this Resolution.

(3) Notwithstanding anything contained in paragraph (2) of this Section 510 to the contrary, no withdrawals shall be made from the General Fund free and clear of any lien or pledge of this Resolution unless and until an amount equal to all interest payable on the Interest Payment Dates during the current Bond Year and all Principal Installments and Sinking Fund Installments payable during the current Bond Year are on deposit in the Bond Service Fund; *provided, however*, that withdrawals may be made from the General Fund to increase the amount on deposit in the Bond Service Fund or the Sinking Fund to an amount equal to the Bond Service Requirement.

(4) Any moneys on deposit in the General Fund shall be invested, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; *provided, however*, that the maturity of every such Investment

Obligation shall not be later than fifteen years from the date of such investment. All income derived from the investment of moneys on deposit in the General Fund shall be deposited in the Revenue Fund; *provided, further, however*, upon the written direction of the County, prior to the full payment of the principal of and interest on the Local Unit Bond, such investment income may be deposited in the Acquisition Fund.

(5) No amount shall be withdrawn from or paid out of the General Fund except as expressly provided in this Section 510 or in Section 1005 hereof.

Section 511. Application and Investment of Rebate Fund. (a) The Authority shall determine the amounts (as well as the dates of payment) that are subject to rebate to the United States government pursuant to the provisions of the Code (in order to ensure that the interest on any Bonds issued as Tax-Exempt Obligations continues to be excludable from federal income taxation). The amounts required to be rebated to the United States government shall be withdrawn from the accounts held under this Resolution, at the written direction of the Authority, and deposited in the Rebate Fund. Such amounts shall be held in the Rebate Fund pending withdrawal of such amounts for payment to the United States government.

(b) Moneys on deposit in the Rebate Fund shall be invested, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; *provided, however*, that such investments shall mature in such amounts and at such times as will permit funds to be available when needed to make payments to the United States government in accordance with the terms of this Section 511. All income from such Investment Obligations shall be held within the Rebate Fund.

(c) If there is not a sufficient amount in the Rebate Fund for any required payment to the United States government, the Authority shall promptly pay, or cause the Local Unit to pay, to the Trustee, from other sources or from moneys on deposit in the General Fund that are available for such purpose, the amount necessary to make up such deficiency.

At the written direction of the Authority delivered to the Trustee, the rebate amount shall be paid to the United States of America in installments that shall be made at least once every five years from the date of issuance of the Series of Bonds to which such payment relates. The first such installment shall be payable to the United States of America, on behalf of the Authority, not later than thirty days subsequent to the end of the fifth year following the date of issuance of the Series of Bonds to which such payment relates and shall be in an amount that ensures that at least 90% of the amount described above with respect to such Series of Bonds is paid. Each subsequent payment shall be made not later than five years after the date the preceding payment was due. Within sixty days after the payment of the Bonds, the Authority shall direct the Trustee, in writing, to pay to the United States of America, on behalf of the Authority, 100% of the aggregate amount due with respect to such Series of Bonds that has not been theretofore paid.

Section 512. Funds Held for Payment of Bonds. The amounts held by the Trustee or applied by the Paying Agent for the payment of the principal, redemption premium, if any, or interest with respect to a particular Series of Bonds shall, pending such payment, be set aside and held in trust for the Holders of the Bonds who are entitled to such payment, and for the purposes

of this Resolution, such principal, redemption premium, if any, and interest, after the date fixed for the payment thereof, shall no longer be considered to be unpaid.

Section 513. Cancellation of Bonds. All Bonds purchased, redeemed or paid shall, if surrendered to the Authority or to any Paying Agent, be cancelled by it and delivered to the Registrar, or if such Bonds shall be surrendered to the Registrar, shall be cancelled by it. Such Bonds shall not be deemed to be Outstanding under the terms of this Resolution and no Bonds shall be issued in lieu thereof. All such Bonds shall be cancelled by the Registrar and the Registrar shall be authorized to destroy such cancelled Bonds upon receipt of an order of the Authority and a certificate thereof shall be delivered by the Registrar to the Authority.

Section 514. Assignment of Local Unit Bond. All rights of the Authority to receive Basic Local Unit Bond Payments, Additional Local Unit Bond Payments (excluding the Authority Administrative Expenses) and any other payments from the Local Unit under the provisions of the Local Unit Bond and amounts received from the County under the Bond Guaranty are hereby pledged for the benefit and security of the Holders of the Bonds in order to secure the punctual performance by the Authority of all of its obligations under the terms and provisions of this Resolution with respect to such Series of Bonds and, for said purpose, such rights are hereby assigned by the Authority to the Trustee. All Basic Local Unit Bond Payments and Additional Local Unit Bond Payments to be received by the Authority pursuant to the terms of the Local Unit Bond are to be paid directly to the Trustee for deposit into the Revenue Fund. The Authority's Bond Purchase Agreement with the Local Unit shall contain a provision providing for such assignment by the Authority and for the consent of the Local Unit to such assignment.

Section 515. Assignment of Bond Guaranty. All rights of the Authority to receive payment from the County under the provisions of the Bond Guaranty are hereby pledged for the benefit and security of the Holders of the Series of Bonds that are specifically entitled to the benefits of such Bond Guaranty and the issuer of any Credit Facility for such Series of Bonds in order to secure the punctual payment by the Authority of the principal of and interest on such Series of Bonds and, for said purpose, such rights are hereby assigned by the Authority to the Trustee. All payments to be received by the Authority pursuant to the terms of the Bond Guaranty are to be paid directly to the Trustee for deposit into the Bond Reserve Fund in accordance with the provisions of Sections 503, 505, 506 and 507 hereof. Prior to or simultaneously with the delivery of each Series of Bonds that are specifically entitled to the benefits of the Bond Guaranty upon original issuance, an Authorized Authority Representative shall deliver notification of such assignment to the Authorized County Representative.

Section 516. Satisfaction of Local Unit Bond. Upon the payment in full of all amounts due under the Local Unit Bond (including all Basic Local Unit Bond Payments and Additional Local Unit Bond Payments), the Authority shall cancel the obligation of the Local Unit evidenced by such Local Unit Bond and terminate and release all security interests and liens created under such Local Unit Bond, and the Authority or the Trustee shall take any other action required of the Authority or the Trustee under the Local Unit Bond in connection with such cancellation, termination and release, including, without limitation, the execution of all relevant documents in connection with such actions.

ARTICLE VI

PARTICULAR COVENANTS OF AUTHORITY

Section 601. General. The Authority hereby particularly covenants and agrees with the Trustee, the issuer of any Credit Facility or Bond Reserve Credit Facility and the Holders of the Bonds and makes provisions that shall be a part of its contract with such Holders to the effect and with the purpose set forth in the following provisions and Sections of this Article VI and agrees to such other covenants as shall be provided by a duly adopted Supplemental Resolution or a duly executed Certificate of Authority Officer.

Section 602. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid the principal of, redemption premium, if any, and interest on every Bond, on the dates, at the place and in the manner provided for in the Bonds according to the true intent and meaning thereof. The Authority shall pay to the Trustee any part of any Sinking Fund Installment that is payable on or before said due date that has not been previously paid into the Sinking Fund pursuant to any other provisions of this Resolution.

Section 603. Offices for Servicing Bonds. The Authority shall, at all times, maintain an office or agency in the State of New Jersey or in the Borough of Manhattan, in the County and State of New York, where Bonds may be presented for registration, transfer or exchange, and where Bonds may be presented for payment or redemption. The Authority hereby irrevocably appoints the Registrar as its agent to maintain such office for the registration, transfer or exchange of Bonds. The Authority shall appoint one or more Paying Agents as its agent to maintain such office for the payment or redemption of Bonds.

Section 604. Amount of Revenues. The Authority shall collect Revenues in an amount so that the Revenues collected and paid to the Trustee pursuant to the terms of Article V hereof, for each Fiscal Year, will be at least sufficient to provide (1) an amount equal to the Bond Service Requirement (except any part thereof the payment of which has been provided for by the deposit of proceeds derived from the sale of Bonds in the Bond Service Fund) and the Sinking Fund Requirement, (2) an amount, if any, needed so that the amount on deposit in the Bond Reserve Fund will equal the Bond Reserve Requirement, (3) for the payment of all other charges or liens whatsoever that are payable by the Authority out of such Revenues during such Fiscal Year, and (4) for the payment of any additional amounts that are necessary to comply with the provisions of this Resolution and all other statutory and legal obligations of the Authority.

Section 605. Sale or Encumbrance. Except to the extent otherwise permitted by the Act, no part of the Local Unit Bond shall be sold, pledged, encumbered or otherwise disposed of.

Section 606. Creation of Liens; Subordinated Indebtedness. Except as provided in Section 317 (relating to the issuance of Additional Bonds), the Authority shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by a pledge of or other lien or charge on the Revenues and shall not create or cause to be created any lien or charge on such Revenues or on any amounts held by the Trustee or by any Paying Agent under the terms of this Resolution; *provided, however*, that neither this Section 606 nor any other provision of this Resolution shall prevent the Authority from issuing bonds or notes or other

obligations for the purposes of the Authority payable out of, or secured by a pledge of, the Revenues to be derived on and after such date as the pledge of such Revenues provided in this Resolution shall be discharged and satisfied as provided in Section 1201 hereof. In addition, the Authority shall not be prevented from issuing bonds or notes or other obligations for the purposes of the Authority payable out of or secured by a subordinate pledge of the Revenues, or by a pledge of amounts that may be withdrawn from the General Fund pursuant to the terms of paragraph (2) of Section 510 hereof, and (a) that are issued for a purpose the completion of which, in the opinion of an Authorized Authority Representative (as evidenced by a certificate filed with the Trustee), will not cause a reduction in the Revenues to be thereafter derived by or for the account of the Authority, and (b) that shall recite on their face that such pledge of said amounts is and shall be in all respects subordinate to the provisions of this Resolution and the lien and pledge created by this Resolution.

Section 607. Arbitrage and Tax Provisions. (1) The Authority hereby particularly covenants and agrees with the Holders of Bonds issued as Tax-Exempt Obligations that (a) no part of the proceeds derived from the sale of any Series of Bonds shall be used, directly or indirectly, to acquire any "investment obligations" (as such term is defined in the Code) or any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" (as such term is defined in Section 148 of the Code) (an "*Arbitrage Bond*"), and (b) it will not take any actions that, if taken, would cause any of the Bonds to be an Arbitrage Bond.

(2) The Authority will not take any actions that, if taken, will cause the interest on Bonds issued as Tax-Exempt Obligations to be includable as gross income under the provisions of the Code.

(3) The Local Unit will not take any actions that, if taken, will cause the interest on the Local Unit Bond issued as Tax-Exempt Obligations to be includable as gross income under the provisions of the Code.

Section 608. Annual Budget. The Authority shall prepare, file and adopt an annual budget for each Fiscal Year in accordance with the provisions of the Local Authorities Law. A copy of such annual budget shall be filed with the Trustee on or prior to the last day of each preceding Fiscal Year and shall be mailed by the Authority to the issuer of any Credit Facility and any Bondholder upon request.

Section 609. Accounts and Audit. The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the collection of the Revenues or any part thereof, and that, together with all other books and papers of the Authority, shall at all reasonable times be subject to inspection by the Trustee, the Local Unit, the County or the Holders of not less than 5% in aggregate principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The Authority shall cause its records and accounts to be audited annually as of the end of each Fiscal Year. Such audit shall be made by an Accountant selected by the Authority.

Section 610. Further Assurances. The Authority shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming all and singular rights, revenues and other funds hereby pledged or assigned, or that are intended to be so pledged or assigned, or that the Authority may hereafter become bound to pledge or assign, or as may be reasonable and as may be required to carry out the purposes of this Resolution and to comply with the terms of the Act. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect (a) the pledge of the Revenues and any other funds pledged hereunder and (b) the rights of the Bondholders provided hereunder against all claims and demands of all persons whomsoever.

Section 611. Conditions Precedent. On the date of issuance of any Series of Bonds, all conditions, acts and things that are required by the Constitution or statutes of the State of New Jersey or by this Resolution to exist, to have happened and to have been performed precedent to or in the issuance of any Series of Bonds shall exist, shall have happened and shall have been performed, and such Series of Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by said Constitution or statutes.

ARTICLE VII

REDEMPTION OF BONDS

Section 701. Privilege of Redemption and Redemption Prices. The Bonds of any Series or all or any portion of any Series of Bonds that are subject to redemption prior to maturity, at the option of the Authority or upon written direction of the County, shall be subject to redemption by or on behalf of the Authority upon the giving of notice as provided in this Article VII, to such extent, through application of such moneys, at such time or times, in such order and on such other terms and conditions as shall be provided by the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series of Bonds upon original issuance or by a Certificate of Authority Officer authorized to be signed by the Supplemental Resolution, as the case may be, and as shall be provided in said Bonds. Such Bonds or portion of any Series of Bonds shall be redeemed in whole or in part on any date at the Redemption Prices set forth in said Bonds and that are applicable upon such redemption (and if no provision as to such order of redemption is made as provided above, then in such order as the Authority shall direct). If less than all of the Bonds of such Series of like maturity that are then Outstanding are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in the manner set forth below.

Section 702. Selection of Bonds to be Redeemed by Lot. In the event of redemption by lot of Bonds of like Series within a maturity, the Trustee shall assign to each Bond of such Series and maturity that is then Outstanding a distinctive number for each \$5,000 of the principal amount of such Bond and shall select by lot, using such method of selection as it shall deem proper in its discretion and from the numbers of all Bonds of such Series to be redeemed, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be those Bonds whose numbers were so selected; *provided, however,* that only so much of the principal amount of each such Bond (of a denomination of more than \$5,000) shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. For purposes of this Section 702, Bonds or portions thereof that have theretofore been selected for redemption by lot shall not thereafter be deemed to be Outstanding.

Section 703. Notice of Redemption. When the Trustee shall be required or shall be authorized, or shall receive written notice from the Authority of its election to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and the provisions of this Resolution, select the Bonds to be redeemed and the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds. Such notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption price, the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed, and, in the case of a Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount thereof to be redeemed. Such notice shall further state that on such date the Redemption Price thereof shall become due and payable with respect to each Bond to be redeemed, or the Redemption Price of the specified portion of the principal amount thereof (in the case of a Bond to be redeemed in part only), together with interest accrued thereon to the redemption date, and such

notice shall also state that from and after such date interest on such Bond, or portion thereof, shall cease to accrue and be payable. Such notice shall be given by mailing a copy of such notice, postage prepaid, not less than 25 days prior to such redemption date, to the Registered Owner of any Bond all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registration books of the Authority kept and maintained on behalf of the Authority by the Registrar. However, such mailing shall not be a condition precedent to such redemption and the failure of the Trustee to mail such notice or the failure of such notice to be received by the Holder of such Bond or portions of such Bonds shall not affect the validity of any proceedings for such redemption.

Section 704. Authority's Election to Redeem. The Authority shall give written notice to the Trustee of its election to redeem Bonds and of the redemption date, which notice shall be given at least 45 days prior to the redemption date or at such later date as shall be acceptable to the Trustee, but in no event later than 35 days prior to the redemption date. In the event that the required notice of redemption shall have been given, the Authority shall, and hereby covenants that it will pay to the Trustee an amount that, in addition to any other moneys available therefor and held by the Trustee, will be sufficient to redeem all of the Bonds or portions of the Bonds that have been selected for redemption.

Section 705. Payment of Redeemed Bonds. If notice has been given (in the manner provided in Section 703 hereof), the Bonds or portions thereof that have been called for redemption and that have been specified in said notice shall become due and payable on the redemption date specified in said notice at the Redemption Price thereof applicable on such date, and upon presentation and surrender thereof at the place or places specified in said notice, together with a written instrument of transfer duly executed by the Registered Owner thereof or by his attorney duly authorized in writing, said Bonds or portions thereof shall be paid at the said Redemption Prices. If less than all of a Bond has been selected for redemption, the Authority shall execute and the Registrar shall authenticate a new Bond in an amount equal to the unredeemed balance of the principal amount of the Bond so surrendered, upon the presentation and surrender of such Bond (except as to Book-Entry Bonds), to be delivered without charge to the owner thereof. At the option of the owner thereof, to the extent permitted by law, the Authority shall cause the Registrar to issue and deliver registered Bonds of like Series, designation, interest rates and maturities in any authorized denomination. If, on such redemption date, moneys for the redemption of all of the Bonds (or portions thereof) to be redeemed, together with interest thereon accrued and unpaid to such date, shall be held by or on behalf of the Trustee or the Paying Agent so as to be available therefor on such date and if a notice of redemption thereof shall have been mailed as aforesaid, then from and after such redemption date, interest on the Bonds (or portions thereof) of such Series and maturity that have been called for redemption shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee or the Paying Agent for the redemption of particular Bonds or portions thereof shall be held in trust for the account of the Holders of the Bonds or portions thereof to be redeemed.

Section 706. Alternate Redemption Provisions. The Authority may provide for alternate redemption features to be applicable to a particular Series of Bonds by Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series of Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be,

provided that such features are not inconsistent with and do not impair the rights of the Holders of Bonds of such Series or portion of such Series.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 801. Supplemental Resolutions Effective Upon Adoption. Any Supplemental Resolution shall be fully effective in accordance with its terms upon its adoption by the Authority to modify or to amend any of the terms or provisions of this Resolution if no Bonds are Outstanding.

Section 802. Supplemental Resolutions Effective Upon Filing. For any one or more of the following purposes, and at any time or from time to time, a resolution of the Authority supplementing this Resolution may be adopted, which resolution, upon the filing with the Trustee of a copy thereof, certified by the Secretary or Assistant Secretary of the Authority, shall be fully effective in accordance with its terms:

(1) To close this Resolution against, or provide limitations and restrictions (in addition to the limitations and restrictions contained in this Resolution) on, the issuance in the future of Bonds or project notes, bonds, obligations or other evidences of indebtedness;

(2) To add other covenants or agreements to be observed by the Authority to the covenants or agreements of the Authority contained in this Resolution; *provided, however*, that such other covenants and agreements are not contrary to or inconsistent with the terms of this Resolution as theretofore in effect;

(3) To add other limitations or restrictions to be observed by the Authority to the limitations or restrictions contained in this Resolution; *provided, however*, that such other limitations or restrictions are not contrary to or inconsistent with the terms of this Resolution as theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Resolution;

(5) To confirm, as further assurance, any pledge created under, and the subjection to any lien or pledge created or to be created by, the terms of this Resolution or the Revenues or of any other moneys, securities or funds;

(6) To specify, determine or authorize any and all matters and things relative to the Bonds or the proceeds derived or to be derived from the sale thereof that are not contrary to or inconsistent with the terms of this Resolution;

(7) To authorize Additional Bonds or, in connection therewith, to specify, determine or authorize the matters and things mentioned or referred to in Article III hereof and any other matters and things relative to such Additional Bonds or to the proceeds derived from the sale thereof that are not contrary to or inconsistent with the terms of this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the authentication and delivery of such Bonds;

(8) To specify, determine or modify provisions of this Resolution that are required in order to obtain a credit rating for any Bonds; and

(9) To make any other change in this Resolution that in the opinion of Bond Counsel to the Authority does not adversely affect the rights of the Holders of any of the Bonds.

Section 803. 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 resolution of the Authority amending or supplementing this Resolution may be adopted, which resolution, upon (a) the filing with the Trustee of a copy thereof, certified by the Secretary or Assistant Secretary of the Authority, and (b) subject to receipt of the documents required under Section 806 hereof, the filing with the Authority of a written instrument of the Trustee consenting to such resolution, shall be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in this Resolution; and

(2) To insert such provisions clarifying matters or questions arising under the terms of this Resolution as are necessary or desirable and that are not contrary to or inconsistent with the terms of this Resolution as theretofore in effect.

Section 804. Supplemental Resolutions Effective with Consent of Bondholders. (A) At any time or from time to time, a resolution of the Authority amending or supplementing this Resolution may be adopted, whether applicable to all Bonds or to any particular Series thereof, modifying any of the provisions of this Resolution or releasing the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions contained therein, but no such resolution shall be effective until after the filing with the Trustee of a copy thereof, certified by the Secretary or Assistant Secretary of the Authority, and unless (1) no Bonds that have been authenticated and delivered by the Trustee upon original issuance, or thereafter by the Registrar, prior to the adoption of such resolution remain Outstanding at the time such resolution becomes effective, or (2) such resolution is consented to by or on behalf of Bondholders in accordance with and subject to the provisions of Article IX hereof; *provided, however*, that if the provisions of such resolution are applicable solely to the Holders of a particular Series of Bonds, the provisions of this Section 804 shall apply only to such Series of Bonds.

(B) The provisions of paragraph (A) of this Section 804 shall not be applicable to resolutions of the Authority that are adopted and become effective in accordance with the provisions of Section 801, Section 802 or Section 803 hereof.

Section 805. Restriction on Amendments. This Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article VIII and the provisions of Article IX hereof. The provisions of paragraph (A) of Section 804 hereof are in all respects subject to the provisions, restrictions, exceptions and limitations set forth in Article IX hereof. Nothing contained in this Article VIII or in Article IX hereof shall affect or limit the right or obligation of the Authority to pass, make, do, execute, acknowledge or deliver any resolution, act, deed, conveyance, assignment, transfer or assurance pursuant to the provision of Section 610 hereof or the right or obligation of the

Authority to execute and deliver to any Fiduciary any instrument the Authority is required to deliver to said Fiduciary.

Section 806. Adoption and Filing of Supplemental Resolutions. Any resolution of the Authority referred to and permitted or authorized by the terms of Section 801, 802 or 803 hereof may be adopted by the Authority without the vote or consent of any of the Bondholders, but such resolution shall become effective only upon the conditions, to the extent and at the time provided in said Sections. Every such resolution that shall become effective shall thereupon form a part of this Resolution. A copy of every such resolution shall be filed with the Trustee and the issuer of any Credit Facility or Bond Reserve Credit Facility and shall be accompanied by a Counsel's Opinion to the effect that such resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of this Resolution, is authorized or permitted by the provisions of this Resolution and, when effective, will be valid and binding upon the Authority and will be enforceable in accordance with its terms.

Section 807. Authorization to Trustee. The Trustee is hereby authorized to accept the delivery of a certified copy of any resolution of the Authority referred to and permitted or authorized by the terms of Sections 801, 802, 803 or 804 hereof, and the Trustee is authorized to consent to such resolution, if required, and to make all further agreements and stipulations that may be contained therein. The Trustee, in taking such action, shall be fully protected in relying upon an opinion of counsel (which may be a Counsel's Opinion) that such resolution is authorized or permitted by the provisions of this Resolution and that such resolution does not contain any provision that is contrary to the terms of this Resolution as theretofore in effect.

Section 808. No Modification of Duties and Obligations of Fiduciary or Issuer of Credit Facility. Notwithstanding the provisions of this Article VIII, no modification or amendment of this Resolution shall change or modify any of the duties or obligations of any Fiduciary or the issuer of any Credit Facility or Bond Reserve Credit Facility without its prior written consent thereto.

ARTICLE IX

AMENDMENTS

Section 901. Mailing; Application of Article. Any provision contained in this Article IX for the mailing of a notice or other reports or records to Bondholders shall be fully complied with if such notice, reports or records are mailed, by first class mail, postage prepaid, only to (a) each Registered Owner of Bonds then Outstanding at the most recent address, if any, appearing upon the registration books of the Authority kept and maintained on behalf of the Authority at the principal corporate trust office of the Registrar and (b) the Trustee.

Section 902. Powers of Amendment. (1) The Authority is hereby authorized to make technical amendments to this Resolution without the vote or consent of any of the Bondholders by filing with the Trustee a Certificate of Authority Officer setting forth such change. The amendment shall take effect upon the filing with the Trustee of a copy of the Certificate of Authority Officer.

(2) Any modification or amendment of the provisions of this Resolution, or of any resolution amendatory thereof or supplemental thereto and of the rights and obligations of the Authority and of the Holders of the Bonds in any particular, may be made by resolution of the Authority as hereinafter specified, with the written consent given (as hereinafter provided in Section 903 hereof) of the Holders of at least two-thirds in aggregate principal amount of the Bonds then Outstanding or, if said resolution affects only the Holders of a certain Series of Bonds, the Holders of at least two-thirds in aggregate principal amount of the Bonds of such Series that are Outstanding at the time such consent is given, but no such modification or amendment shall permit a change in the maturity or terms of redemption of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon or any security therefor without the consent of the Holder of such Bond; *provided, however*, notwithstanding anything above to the contrary, in the event that any Bonds of a particular Series are secured by a Credit Facility or Bond Reserve Credit Facility, no resolution amendatory of or supplemental to this Resolution shall be adopted that modifies or affects the rights, duties or obligations of the issuer of such Credit Facility or Bond Reserve Credit Facility without its prior written consent thereto. Further, no such modification or amendment shall reduce the percentages or otherwise affect the description of Bonds the consent of the Holders of which is required to effect any such modification or amendment. The Trustee may in its sole discretion determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity, or any particular Holder, would be affected by any modification or amendment of this Resolution, and any such determination shall be binding and conclusive on the Authority and on all Bondholders when such determination is delivered in writing to the Authority by the Trustee. Notwithstanding the foregoing, any provision of this Resolution may be amended without the consent of Bondholders if it is determined by Bond Counsel, in accordance with Section 802(9) hereof, that such amendment does not adversely affect the interests of such Bondholders.

Section 903. Consent of Bondholders. The Authority may at any time adopt a resolution making a modification or amendment permitted by the provisions of Section 902 hereof, to take effect when and as provided in this Section 903. Upon the adoption of such resolution, a copy

thereof, certified by the Secretary or Assistant Secretary of the Authority, shall be delivered to and shall be held by the Trustee for the inspection of the Bondholders. A copy of such resolution (or summary thereof or reference thereto) together with a request to Bondholders for their consent thereto, where applicable, in a form satisfactory to the Trustee and Bond Counsel, shall be mailed by the Authority to each of the Bondholders and to the issuer of any Credit Facility or Bond Reserve Credit Facility issued for or with respect to the Bonds (but failure to mail such copy and request shall not affect the validity of this Resolution when consented to as provided in this Section 903). Such resolution shall not be effective unless and until there shall have been filed with the Trustee (1) the written consents of the Holders of the percentages of Outstanding Bonds specified in Section 902 hereof, or of the Authority and the Trustee in the case of an amendment that does not require the consent of the Bondholders, (2) the written consent of the issuer of any Credit Facility or Bond Reserve Credit Facility, if required, and (3) a Counsel's Opinion stating that such resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution, and will be valid and binding upon the Authority and enforceable in accordance with its terms upon its becoming effective as provided in this Section 903. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates executed by the Trustee and filed in its office stating that it has examined such proof and that such proof is sufficient under the provisions of Section 1203 hereof shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and upon the Holders of any Bonds issued in exchange therefor (whether or not such subsequent Holder has notice thereof); *provided, however*, that notwithstanding the provisions of Section 1203 hereof, such consent may be subsequently revoked by the Holder of such Bonds giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate executed by the Trustee and filed in its office to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to this Resolution, the Trustee shall make and file with the Authority and in its office a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, a notice, stating in substance that this Resolution (which may be referred to as a resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 903, may be given to Bondholders by the Authority by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such resolution from becoming effective and binding as provided in this Section 903). The Authority shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section 903 to be filed with the Trustee, shall be proof of the matters therein stated. Such resolution making such modification or amendment shall be deemed to be conclusively binding upon the Authority, the Trustee and the Holders of all Bonds at the expiration of 40 days after filing with the Trustee of the proof of mailing of such last-mentioned notice, except in the event that a final decree of a

court of competent jurisdiction setting aside such resolution in a legal action or equitable proceeding for such purpose is obtained within such 40-day period, of which decree timely notice shall have been given to the Trustee; *provided, however*, that the Trustee and the Authority during the 40-day period and any such further period during which any such action or proceeding may be pending shall be entitled, in their absolute discretion, to take such action, or to refrain from taking such action, with respect to such resolution, as they may deem expedient.

Section 904. Modification by Unanimous Action. Notwithstanding anything contained in the foregoing provisions of this Article IX or in Article VIII hereof, the terms and provisions of this Resolution or of any resolution amendatory thereof or supplemental thereto and the rights and obligations of the Authority and of the Holders of the Bonds may be modified or amended in any respect upon the adoption by the Authority and upon the filing with the Trustee of a resolution to that effect and the consent of the Holders of all the Bonds then Outstanding, such consent to be accompanied by proof of the holding (at the date of such consent) of the Bonds with respect to which such consent is given, which proof shall be in the form permitted by Section 1203 hereof, as and to the extent provided in this Article IX. No notice to Bondholders, either by mailing or by publication, shall be required. No such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without its prior written consent thereto.

Section 905. Exclusion of Bonds. Bonds that are owned or held by or for the account of the Authority shall not be deemed to be Outstanding and shall be excluded for the purposes of consent or other action or for any calculation of Outstanding Bonds provided for in this Article IX. The Authority shall not be entitled to give any consent or take any other action provided for in this Article IX with respect to such Bonds. At the time of any consent or other action taken under the terms of this Article IX, the Authority shall furnish the Trustee with a Certificate of Authority Officer, upon which the Trustee may rely, describing all of the Bonds to be so excluded.

Section 906. Notation on Bonds. Bonds that have been authenticated and delivered after the effective date of any action taken pursuant to the terms of either Article VIII hereof or this Article IX may, and if the Authority so determines shall, bear a notation, by endorsement or otherwise, as to such action, and in such case, upon the demand of the Holder of any Bond that is Outstanding at such effective date and upon presentation of his Bond for such purpose at the principal corporate trust office of the Registrar, suitable notation as to any such action shall be made on such Bond by the Registrar. If the Authority shall so determine, new Bonds bearing such notation to conform to such action shall be prepared, authenticated by the Registrar and delivered, and upon demand of the Holder of any Bond then Outstanding, such Bond shall be exchanged without cost to such Bondholder for any Bond then Outstanding upon the surrender of such Bond.

Section 907. Contracts or Indentures. The Authority, to the extent permitted by law, may, and if requested by the Trustee shall, enter into a contract or an indenture with the Trustee giving effect to any modification or amendment of this Resolution or any resolution amendatory thereof or supplemental thereto as provided in Article VIII or as provided in this Article IX.

Section 908. No Modification of Duties and Obligations of Fiduciary or Issuer of Credit Facility. Notwithstanding the provisions of this Article IX, no modification or amendment of this Resolution shall change or modify any of the duties or obligations of any Fiduciary or the issuer of any Credit Facility or Bond Reserve Credit Facility without its prior written consent thereto.

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 1001. Events of Default. The occurrence of any of the following events is hereby defined as and is declared to be and to constitute an "*Event of Default*", but only as it shall relate to the particular Series of Bonds that is the cause of the Event of Default:

(a) Default by the Authority in the due and punctual payment of any interest on any Bond; or

(b) Default by the Authority in the due and punctual payment of the principal or Redemption Price, if any, or Sinking Fund Installment of any Bond, whether at the stated maturity thereof or the redemption date set therefor in accordance with the terms of this Resolution; or

(c) Subject to the provisions of Section 1009 hereof, failure by the Authority to observe and to perform any covenant, condition or agreement on the part of the Authority provided by this Resolution and the continuance of such failure for a period of 30 days after written notice, or such longer period as shall be provided under Section 1009 hereof, specifying such failure and requesting that it be remedied, shall be given to the Authority by the Trustee; or

(d) The filing of a petition by the Authority seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State of New Jersey; or

(e) Such additional Events of Default as may be set forth in a Supplemental Resolution of the Authority duly adopted in connection with the issuance of any Series of Bonds.

Section 1002. Remedies Upon an Event of Default. Upon the occurrence of an Event of Default, the Trustee may pursue any remedy available to it at law or in equity or by statute.

No remedy conferred upon or reserved to the Trustee or to the Bondholders by the terms of this Resolution is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

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

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

The Authority may provide for additional remedies as shall be provided by the terms of a duly adopted Supplemental Resolution or duly executed Certificate of Authority Officer.

Section 1003. Rights of Bondholders. If an Event of Default shall have occurred and be continuing and if requested to do so by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding and if indemnified as provided in this Resolution, the Trustee shall (subject to receipt of indemnification by the Bondholders in form and amount satisfactory to the Trustee) be obligated to exercise such one or more of the rights and remedies conferred by this Article X as the Trustee shall deem to be in the interests of the Bondholders and that are not contrary to law.

Section 1004. Rights of Bondholders to Direct Proceedings. Anything in this Resolution to the contrary notwithstanding, the (a) issuer of any Credit Facility that is the Holder of any Bonds on the date of the occurrence of such Event of Default, and if none, then (b) owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by a written instrument or instruments duly executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Resolution or for the appointment of a receiver or any other proceeding hereunder; *provided, however*, that such direction shall not be otherwise than in accordance with the provisions of law.

Section 1005. Application of Moneys. All moneys received by the Trustee pursuant to any right given or any action taken under the provisions of this Article X shall be deposited into the Bond Service Fund (after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and after payment of the fees, expenses, liabilities and advances incurred or made by the Trustee, including legal fees), and all moneys on deposit in the various funds established under the terms of this Resolution (except the Rebate Fund) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons who are entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amount due on such installment, to the persons who are entitled thereto, without any discrimination or privilege; and

Second: To the payment to the persons who are entitled thereto of the unpaid principal of any of the Bonds that shall have become due (other than principal of Bonds with respect to the payment of which moneys are held pursuant to the provisions of this Resolution), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons who are entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article X, then, subject to the provisions of paragraph (b) of this Section 1005, in the event that the principal of all the Bonds shall later become due or be declared to be due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section 1005.

Whenever moneys are to be applied pursuant to the provisions of this Section 1005, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date, unless it shall deem another date more suitable) upon which such application is to be made and the record date pertaining thereto and, on 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 payment date and the record date pertaining thereto, and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Whenever the principal of, redemption premium, if any, and interest on all Bonds have been paid under the provisions of this Section 1005 and all fees, expenses, including legal fees, and charges of the Trustee have been paid, any balance remaining in the Bond Service Fund shall be paid to the Authority.

Section 1006. Remedies Vested in Trustee. All remedies and rights of action (including the right to file proof of claims) under this Resolution or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the owners of the Outstanding Bonds.

Section 1007. Rights and Remedies of Bondholders. No owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the provisions of this Resolution, for the execution of any trust thereof or for the appointment of a receiver or for the enforcement of any other remedy hereunder, unless: (1) a default has occurred of which an authorized officer of the Trustee has been notified as provided in this Resolution; (2) such default shall have become an Event of Default and the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall have made written

request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers that were hereinbefore granted or to institute such action, suit or proceeding in its own name; (3) such Bondholders have provided the Trustee with the indemnification that is provided in this Resolution; and (4) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted or to institute such action, suit or proceedings in its own name. Such notification, request and offer of indemnification 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 Resolution and to any action or cause of action for the enforcement of this Resolution or for the appointment of a receiver or for any other right or remedy hereunder. No one or more owners of the Bonds shall have any right in any manner whatsoever to affect, to disturb or to prejudice the lien of this Resolution by its, his, her or their action or to enforce any right or remedy hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Holders of all Bonds then Outstanding. Nothing contained in this Resolution shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, redemption premium, if any, and interest on any Bond at and after the maturity thereof or the redemption date set therefor, or the obligation of the Authority to pay the principal of, redemption premium, if any, and interest on each of the Bonds issued hereunder to the respective owners thereof at the time, at the place, from the sources and in the manner expressed in the Bonds.

Section 1008. Termination of Proceedings. If the Trustee shall have proceeded to enforce any right or remedy under the terms of this Resolution by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then in every such case the Authority and the Trustee shall be restored to their former respective positions and rights hereunder and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 1009. Waivers of Defaults. The Trustee may in its discretion waive any Event of Default hereunder, and the consequences specified in Section 1002, and rescind any declaration of maturity of principal and shall do so upon the written request of the owners of: (1) a majority in aggregate principal amount of all Bonds then Outstanding with respect to which an Event of Default in the payment of principal or interest exists; or (2) a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other default; *provided, however*, that there shall not be waived (a) any Event of Default with respect to the payment of the principal of any Sinking Fund Installment or Bond at its maturity date or redemption date prior to maturity, or (b) any Event of Default with respect to the payment of the interest on any Bond, unless prior to such waiver or rescission, all arrears of principal (due otherwise than by declaration) and interest, with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such default shall have occurred on overdue installments of interest and all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such default, including legal fees, shall have been paid or provided for and, in case of any such waiver or rescission or in case any proceedings taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 1010. Opportunity of Authority to Cure Defaults. No Event of Default specified in Section 1001(c) hereof shall constitute an Event of Default hereunder until notice of such Event of Default shall be given by the Trustee or by the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding to the Authority, by registered or certified mail, and the Authority shall have had 30 days after receipt of such notice to correct such Event of Default or cause such Event of Default to be corrected and shall not have corrected such Event of Default or caused such Event of Default to be corrected within the applicable period; *provided, however*, that if such Event of Default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default hereunder if corrective action designed to remedy such Event of Default is instituted by the Authority within the applicable period and diligently pursued until such Event of Default is corrected.

Section 1011. Notice of Events of Default. Notwithstanding anything contained herein to the contrary, the Trustee shall provide notice to the issuer of any Credit Facility or Bond Reserve Credit Facility of the occurrence of any Event of Default known to the Trustee within ten days of the Trustee's knowledge thereof.

Section 1012. Issuer of Credit Facility or Bond Reserve Credit Facility Treated as Holder of Bonds. Notwithstanding the provisions of this Resolution to the contrary, as long as the issuer of any Credit Facility or Bond Reserve Credit Facility has not failed to honor its payment obligation under such Credit Facility or Bond Reserve Credit Facility under the terms of any agreement between the Authority and the issuer of any Credit Facility or Bond Reserve Credit Facility for the term of the Credit Facility or Bond Reserve Credit Facility, the issuer of the Credit Facility or Bond Reserve Credit Facility shall be deemed to be the sole Holder of the principal amount of Bonds secured under the terms of such Credit Facility or Bond Reserve Credit Facility. As such, any actions permitted to be taken by (or required to be taken by) the Holders of any Series of Bonds entitled to the benefits of a Credit Facility or Bond Reserve Credit Facility or any actions permitted to be taken by the issuer of any Credit Facility or Bond Reserve Credit Facility shall instead be taken by the issuer of such Credit Facility or Bond Reserve Credit Facility.

ARTICLE XI

TRUSTEE, PAYING AGENT AND REGISTRAR

Section 1101. Appointment of Trustee. Such bank, trust company, national banking association or other banking institution doing business and having its principal office in the State of New Jersey or the Borough of Manhattan, County and State of New York, having trust powers and as shall be named in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any of the Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be, shall be and hereby is appointed to serve as Trustee. A certified copy of such Supplemental Resolution or Certificate of Authority Officer shall be delivered to such bank, trust company, national banking association or other banking institution. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the terms of this Resolution by executing the certificate of authentication endorsed upon the Bonds upon original issuance and by delivering a written acceptance thereof to the Authority. By executing such certificate of authentication upon any Bond and by delivery of such written certificate, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but also with respect to all the Bonds to be issued thereafter in lieu of or in substitution therefor, but only, however, upon the terms and conditions set forth in this Resolution.

Section 1102. Appointment of Paying Agents, Registrar and Securities Depository. (a) The Authority shall appoint one or more Paying Agents for the Bonds (other than Book-Entry Bonds). Such Paying Agents shall be appointed pursuant to a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be, and the Authority may at any time or from time to time by Supplemental Resolution or Certificate of Authority Officer, as the case may be, appoint one or more other Paying Agents for such Bonds; *provided, however*, that each Paying Agent shall not be liable for the acts or omissions taken or suffered by such other Paying Agents. Each Paying Agent shall be a bank, trust company, national banking association or other banking institution doing business and having an office in the State of New Jersey or in the Borough of Manhattan, County and State of New York, having trust powers if there be such a bank, trust company, national banking association or other banking institution willing and able to accept the office on reasonable and customary terms and that is authorized by law to perform all the duties imposed upon it by the terms of this Resolution. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the terms of this Resolution by executing and delivering a written acceptance thereof to the Authority and to the Trustee. The Trustee may be appointed and may serve as a Paying Agent for the Bonds. Provisions relating to the payment of Book-Entry Bonds shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be.

(b) The Authority shall appoint a Registrar for each Series of Bonds by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Bonds or by a Certificate of Authority Officer, as the case may be. Such Registrar shall be a bank, trust company, national banking association or other banking institution doing business and having an office in the State of New Jersey or in the Borough of Manhattan, City

and State of New York, if there be such a bank, trust company, national banking association or other banking institution willing and able to accept the office on reasonable and customary terms and that is authorized by law to perform all of the duties imposed upon it by the terms of this Resolution. The Registrar shall signify its acceptance of the duties and obligations imposed upon it by the terms of this Resolution by executing and delivering a written acceptance thereof to the Authority and to the Trustee. The Trustee or the Paying Agent may be appointed and may serve as a Registrar for the Bonds. Provisions relating to the transfer or registration of Book-Entry Bonds shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be.

(c) In connection with the issuance of Book-Entry Bonds, the Authority shall appoint a Securities Depository for the purpose of (1) holding (on behalf of its participants) the Book-Entry Bonds in safekeeping and (2) performing the duties that are otherwise performed by the Paying Agent for all Bonds and the Registrar for all registered Bonds. Such Securities Depository shall be appointed pursuant to the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be. Such Securities Depository shall be a bank or corporation having its office in the continental United States that is willing and able to accept the appointment upon reasonable and customary terms and that is authorized by law to perform all of the duties which are imposed upon it by the terms of this Resolution.

Section 1103. Responsibilities of Fiduciaries. The recitals of fact contained in this Resolution and in the Bonds shall be taken as the statements of the Authority, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Resolution or of any Bond issued hereunder or with respect to the security afforded by the terms of this Resolution, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee or the Registrar, as the case may be, shall however be responsible for the representation contained in its certificate of authentication appearing on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds derived from the sale thereof, except that the Trustee shall be responsible for such application to the extent that such proceeds are paid to the Trustee in accordance with the provisions of Section 315 hereof and in connection with the issuance of Additional Bonds pursuant to the provisions of Section 317 hereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any action or suit with respect to the terms of this Resolution or the Bonds, or to advance any of its own moneys, unless properly indemnified by the Authority or the Bondholders, as the case may be. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Resolution. In case an Event of Default has occurred (which has not been remedied), the Trustee shall exercise such of the rights and powers vested in

it by the terms of this Resolution, and shall use the same degree of care and skill in the exercise of such powers as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of this Resolution that relates to actions that have been taken or are to be taken by the Trustee or that relates to the evidence upon which the Trustee may rely shall be subject to the provisions of this Section 1103.

Notwithstanding any of the foregoing, the Trustee, at least annually and as often as may be reasonably requested by the Authority (but not more frequently than monthly), shall be responsible for delivering a written statement to the Authority detailing, among other things, (a) the Bonds, if any, that have been purchased or redeemed by it pursuant to the terms of Section 506 hereof, (b) the report of the Registrar stating any new Bonds that have been issued in lieu of or in substitution for Bonds pursuant to the terms of Section 307, Section 308, Section 311, Section 705 or Section 906 hereof, and (c) the balances as of said dates, together with investment income, if any, that has been earned thereon, on deposit in each of the funds of the Authority established and created by Section 401 or Section 501 hereof or otherwise created and held by the Trustee pursuant to the terms thereof.

Section 1104. Held in Trust. All moneys and securities held by any Fiduciary at any time pursuant to the terms of this Resolution shall be and hereby are assigned, transferred and set over unto such Fiduciary in trust for the purpose and under the terms and conditions set forth in this Resolution.

Section 1105. Deposit and Security of Funds. To the extent permitted by law, all moneys (not including securities) held by any Fiduciary pursuant to the terms of this Resolution may, subject to the provisions of this Section 1105, and in accordance with the provisions of the Governmental Unit Deposit Protection Act (N.J.S.A. 17:9-41 *et seq.*), be deposited by it, in demand or time deposits, in its banking department or with such other banks, trust companies, national banking associations or other banking institutions, each having its principal office in the State of New Jersey, as may be designated by the Authority and approved by the Trustee. No such moneys shall be deposited with any bank, trust company, national banking association or other banking institution other than the Trustee, in an amount exceeding 50% of the amount that an authorized officer of such bank, trust company, national banking association or other banking institution shall certify to the Trustee and to the Authority as the combined capital and surplus of such bank, trust company, national banking institution or other banking institution or as shall be set forth in the last timely published quarterly statement of such bank, trust company, national banking institution or other banking institution. Each Fiduciary shall allow and shall credit interest on any such moneys held by it at such rate as it customarily allows upon similar funds of similar size under similar conditions or as is required by law. Unless otherwise provided under the terms of this Resolution, interest with respect to moneys or securities on deposit in any fund or account shall be credited in each case to the fund or account in which such moneys or securities are held.

Notwithstanding anything in this Resolution to the contrary, all accounts held by the Paying Agent for any purpose shall be non-interest bearing and all moneys so held shall not be invested by the Paying Agent pending disbursement of the same.

Section 1106. Evidence Supporting Action. Each Fiduciary shall be fully protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, bond or other paper or document it believes to be genuine and has been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action under this Resolution, such fact or matter (unless other evidence with respect thereto is specifically prescribed herein) may be deemed to be conclusively proved and established by a Certificate of Authority Officer stating the same and such certificate shall be full warrant for any action taken or suffered by any Fiduciary upon the faith thereof under the provisions of this Resolution; *provided, however*, that, in its discretion, a Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by or on behalf of the Authority to any Fiduciary shall be sufficiently executed if executed in the name of the Authority by an Authorized Authority Representative.

Section 1107. Compensation. Unless otherwise provided for by the terms of a contract with the Fiduciary, the Authority shall pay reasonable compensation from time to time to each Fiduciary for all services rendered by it hereunder, and the Authority shall also reimburse any Fiduciary for all of its reasonable expenses, charges, counsel fees and other disbursements and those of its attorneys, agents and employees incurred in and about the performance of its powers and duties hereunder, and each Fiduciary shall have a first lien therefor on any and all funds and any Local Unit Bond that shall at any time be held by it hereunder; *provided, however*, that moneys on deposit in any fund representing the proceeds from any draw made under any Credit Facility or Bond Reserve Credit Facility issued with respect to the Bonds shall not be subject to such lien. The Authority and/or the Bondholders, as the case may be, shall indemnify and save each Fiduciary harmless against any liabilities, losses or costs it may incur in the exercise and performance of its powers and duties hereunder and that are not due to its own negligence or willful misconduct.

Section 1108. Certain Permitted Acts. Any Fiduciary may become the owner of or may deal in the Bonds as fully and with the same rights as it would have had if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding. Notwithstanding any other provision of this Resolution, nothing contained herein shall restrict any Fiduciary from entering into any contract, agreement or other relationship relating to the provision of banking, financial or other services to the Authority, the County or any agencies thereof, including the ability to provide Investment Obligations as long as the Fiduciary otherwise meets the requirements set forth in such definition.

Section 1109. Resignation of Fiduciary. Unless otherwise provided in any Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Series of Bonds, or by the terms of any agreement by and between the Authority and such Fiduciary specifically authorized by a Supplemental Resolution of the Authority, a Fiduciary, or any successor thereof, may at any time resign and shall be discharged of its duties and obligations created by this Resolution by giving not less than 60 days written notice to the Authority and by publishing notice thereof. Such notice shall specify the date when such resignation shall take effect and shall be published at least once in the Authorized Newspapers within 20 days after the giving of such written notice. Upon receipt of any such notice, the Authority shall provide a copy of such notice to the issuer of any Credit Facility or Bond Reserve Credit Facility. Except as otherwise provided herein, such resignation shall take effect on the day specified in such notice unless a successor shall have been previously appointed by the Authority or by the Bondholders, as herein provided, in which event such resignation shall take effect immediately upon the appointment of such successor. Notwithstanding anything herein to the contrary, such Fiduciary shall be obligated to continue to perform all of the duties and obligations required to be performed by such Fiduciary under the terms of this Resolution, until such time as a successor Fiduciary has been appointed and has accepted such appointment, as provided in this Resolution.

Section 1110. Removal. Unless otherwise provided in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Series of Bonds, or by the terms of any agreement by and between the Authority and such Fiduciary specifically authorized by a Supplemental Resolution of the Authority, a Fiduciary, or any successor thereof, may be removed at any time by the Authority upon appointment of a successor or 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 Authority, upon 45 days written notice, by a written instrument or concurrent written instruments signed and duly acknowledged by the Authority or by such Bondholders or their attorneys duly authorized in writing and delivered to the Authority. Such removal shall take effect upon the expiration of said 45-day period; *provided, however*, that such removal shall not be effective until such time as a successor Fiduciary has been appointed and has accepted such appointment, as provided in this Resolution. Copies of each such instrument shall be delivered by the Authority to each of the other Fiduciaries and to any successor thereof and to the issuer of any Credit Facility or Bond Reserve Credit Facility.

Section 1111. Appointment of Successor Fiduciary. Unless otherwise provided in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Series of Bonds, or by the terms of any agreement by and between the Authority and such Fiduciary specifically authorized by a Supplemental Resolution of the Authority, in case any Fiduciary, or any successor thereof, 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 such Fiduciary shall be appointed, or if any public officer shall take charge or control of such Fiduciary or its affairs, a successor may be appointed 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 Authority, by a written instrument or concurrent written instruments signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Fiduciary, and thereafter, notification thereof shall be given to the Authority, the predecessor Fiduciary, any other Fiduciaries and the issuer of any Credit Facility or Bond Reserve Credit Facility. Pending such appointment, the Authority shall forthwith appoint a successor Fiduciary to fill such

vacancy until a successor Fiduciary shall be appointed by the Bondholders as herein authorized. The Authority shall publish notice of any such appointment in an Authorized Newspaper of the Authority within 20 days after such appointment. Any successor Fiduciary appointed by the Authority shall, immediately and without further act, be superseded by a Fiduciary appointed by the Bondholders. If in a proper case no appointment of a successor Fiduciary shall be made pursuant to the foregoing provisions of this Section 1111 within 45 days after the Fiduciary shall have given written notice to the Authority as provided in Section 1109 hereof or after the occurrence of any other event requiring or authorizing such appointment, the Fiduciary or any other fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint such successor. Said court may thereupon, after such notice, if any, as such court may deem proper and may prescribe, appoint such successor Fiduciary. Any successor Fiduciary appointed under the provisions of this Section 1111 shall be a bank, trust company, national banking association or other banking institution doing business and having its principal office located in the State of New Jersey or in the Borough of Manhattan, City and State of New York, and having the qualifications prescribed by this Article XI, if there be such a bank, trust company, national banking association or other banking institution willing and able to accept the appointment on reasonable and customary terms and that is authorized by law to perform all duties imposed upon it by the terms of this Resolution. Notwithstanding any provision contained herein to the contrary, any successor trustee that shall be appointed shall have a capital and surplus of at least \$12,490,000.

Section 1112. Transfer of Rights to Successor Fiduciary. Any successor Fiduciary appointed under the provisions of Section 1111 hereof shall execute, acknowledge and deliver to its predecessor Fiduciary, and also to the Authority, a written instrument accepting such appointment, and thereupon such successor Fiduciary, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if named herein as such Fiduciary. The Fiduciary ceasing to act shall nevertheless, upon payment of such Fiduciary's fees and expenses, and upon the written request of the Authority or of the successor Fiduciary, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required to more fully and certainly vest and confirm in such successor Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any Local Unit Bond held by it under the terms of this Resolution. The predecessor Fiduciary shall pay over, assign and deliver to the successor Fiduciary any moneys or other Local Unit Bond subject to the trusts and conditions herein set forth. Should any deed, conveyance or written instrument be required from the Authority by such successor Fiduciary to more fully and certainly vest in and confirm to such successor Fiduciary any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and written instruments shall, upon request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Fiduciary shall promptly notify the other Fiduciaries of its appointment as such Fiduciary.

Section 1113. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which such Fiduciary may sell or transfer all or substantially all of its corporate trust business (provided that such company shall be a bank, trust company, national banking association or other banking

institution qualified to be a successor to such Fiduciary under the provisions of Section 1111 hereof and authorized by law to perform all the duties imposed upon it by the terms of this Resolution) shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, deed or conveyance.

Section 1114. Adoption of Authentication. In case any of the Bonds contemplated to be issued under the terms of this Resolution shall have been authenticated but not delivered, any successor Trustee or Registrar, as the case may be, may adopt the certificate of authentication of any predecessor Trustee or Registrar so authenticating such Bonds and may deliver such Bonds so authenticated. In any case where any Bonds shall not have been authenticated, any successor Trustee or Registrar may authenticate such Bonds in the name of the predecessor Trustee or Registrar, as the case may be, or in the name of the successor Trustee or Registrar, and in all such cases such certificate of authentication shall have the full force and effect provided in said Bonds or in this Resolution.

ARTICLE XII

MISCELLANEOUS

Section 1201. Defeasance. (a) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds of a particular Series, or any maturity within a Series, the principal of, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then (a) the pledge of any Revenues and other moneys and securities pledged to the Holders of such Series, or maturity within a Series, under the terms of this Resolution, (b) all covenants, agreements and other obligations of the Authority and (c) the lien, benefit and security under this Resolution, shall thereupon cease, terminate and become void and shall be discharged and satisfied. In such event, the Trustee shall cause a statement to be prepared and filed with the Authority for such period or periods as shall be requested by the Authority, and, upon request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and, upon payment of all fees and expenses due and owing to the Trustee and any Paying Agent, the Trustee and any Paying Agent shall pay over or deliver to the Authority all moneys or securities held by them pursuant to the terms of this Resolution that are not required for the payment of the principal of, redemption premium, if any, and interest due or to become due on the Bonds of such Series, or maturity within such Series.

(b) All Bonds of any Series, or any maturity within a Series, for the payment or redemption of which moneys shall have been set aside and shall be held in trust shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section 1201. All Outstanding Bonds of such Series, or of any maturity within such 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 paragraph (a) of this Section 1201 if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee (in a form satisfactory to the Trustee) irrevocable written instructions to mail notice of redemption of such Bonds on said date, (b) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Defeasance Obligations (which are not redeemable at the option of the issuer) the principal of and interest on which when due will provide moneys that, together with the moneys, if any, deposited with the Trustee at the same time shall be sufficient, to pay when due the principal of, redemption premium, if any, and interest due and to become due on said Bonds on and prior to the maturity or redemption date thereof, as the case may be, as shall be verified in a report of an Accountant and/or a certificate duly executed by the Trustee, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee (in a form satisfactory to the Trustee) a notice to be mailed, first-class mail, postage prepaid, to the Holders of such Bonds that the deposit required by clause (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the terms of this Section 1201 and such notice shall state such maturity or redemption date upon which moneys are to be available for the payment of the principal of, redemption premium, if any, and interest on said Bonds. To the extent that the moneys or the principal of and interest on the Defeasance Obligations referred to above are sufficient to provide for the defeasance of all Outstanding Bonds of such Series, or a maturity within such Series, any additional moneys that are generated or that are available may be paid over to the Authority by the Trustee and may be used by the

Authority for any lawful purpose, free and clear of any trust, lien or pledge. Any deficiency in the amounts on deposit with the Trustee that are necessary to accomplish a defeasance of the Bonds in accordance with the terms of this Section 1201 shall be deposited promptly by the Authority with the Trustee for the purposes of accomplishing said defeasance.

(c) Notwithstanding anything contained herein to the contrary, no such defeasance shall be effective until all payments due and owing to the issuer of any Credit Facility or Bond Reserve Credit Facility issued for or with respect to the Bonds to be defeased have been paid by or on behalf of the Authority.

(d) Notwithstanding anything contained herein to the contrary, any obligation of the Authority to make a payment to the United States of America pursuant to the provisions of Section 511 hereof shall survive the defeasance of the lien of this Resolution provided under this Section 1201.

(e) Notwithstanding anything contained herein to the contrary, any payments made pursuant to this Section 1201 by the issuer of any Credit Facility or Bond Reserve Credit Facility shall be deemed to be made in satisfaction of the Authority's obligations to the Holders of the Bonds with respect to which and to the extent to which such payments are made. However, such payments by the issuer of such Credit Facility or Bond Reserve Credit Facility shall not be deemed to satisfy the Authority's obligation to make payment to the issuer of such Credit Facility or Bond Reserve Credit Facility for or in respect of such Bonds.

Section 1202. Unclaimed Funds. Anything in this Resolution to the contrary notwithstanding, any moneys held by any Fiduciary in trust for the payment of the principal of, redemption premium, if any, and interest on any of the Bonds remaining unclaimed for six months after the date when such Bonds have become due and payable, if such moneys were held by the Fiduciary at such date, or for six months after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds shall become due and payable, such moneys shall be repaid to the County by such Fiduciary as its absolute property and such moneys shall be free from the trusts created by the terms of this Resolution. The Fiduciary shall thereupon be released and discharged with respect to such moneys and the Bondholders shall look only to the County for the payment of such Bonds; *provided, however*, that before being required to make any such payment to the County, the Trustee shall, at the expense of the County, cause to be published at least twice, at an interval of not less than seven 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 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

Section 1203. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent or other instrument that this Resolution may require or may permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or their attorneys duly authorized in writing. Proof of (1) the execution of any such instrument, or of an instrument appointing any such attorney, or (2) the holding by any person of the Bonds shall be sufficient for any purpose of this Resolution (except as otherwise expressly provided herein) if made in the following

manner, but the Trustee may nevertheless, in its sole discretion, require further or other proof in cases where it deems the same to be desirable:

(a) The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate (which need not be acknowledged or verified) of an officer of a bank, trust company, national banking association or other banking institution (which is satisfactory to the Trustee) or of any notary public or other officer who is authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The Authority or the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary; and

(b) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the registration books of the Authority kept and maintained on behalf of the Authority by the Registrar. Any request or consent by the owner of any Bonds shall bind all future owners of such Bonds with respect to anything done or suffered to be done.

Section 1204. Execution of Payment Documents. Every requisition, certificate or request of the Authority to be delivered to or filed with the Trustee, Paying Agent or Registrar under the provisions of this Resolution shall be signed by an Authorized Authority Representative.

Section 1205. Preservation and Inspection of Documents. All requisitions, requests, certificates, opinions and other documents received by the Trustee under the provisions of this Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the Accountant, any Bondholder and their agents and representatives, any of whom may make copies thereof but any such reports, certificates, statements or other documents may, at the election of the Trustee, be destroyed or otherwise disposed of at any time that is at least six years after such date as the pledge of the Revenues created by this Resolution shall be discharged as provided in Section 1201 hereof.

Section 1206. Regulations Regarding Investment of Funds. (a) Obligations that are purchased as an investment of moneys in any fund established under the terms of this Resolution shall be deemed at all times to be a part of such fund, and, except as may be otherwise expressly provided in other Sections of this Resolution, the interest thereon and any profit arising on the sale thereof shall be credited to such fund, and any loss resulting from the sale thereof shall be charged to such fund.

(b) A valuation of each fund established and created under the terms of this Resolution, including all Investment Obligations therein, shall be made by the Trustee as set forth below as often as is deemed necessary by any issuer of a Credit Facility or Bond Reserve Credit Facility, but not less often than quarterly nor more often than monthly. In addition, all

Investment Obligations in such funds shall be valued by the Trustee at any time required by the County upon provision by the County of reasonable notice.

(c) In computing at any date the amount in any such fund for any purpose hereunder, obligations due within one year after such date shall be valued at the lower of the market price thereof or face value or, if not due within one year after such date, shall be valued at the lower of the market price thereof or cost. Each obligation may be so valued as of any time within four days prior to such date. The Trustee shall sell any obligations (at the best available price) whenever it shall be necessary to do so in order to provide moneys to make any withdrawal or payment from such fund, and the Trustee shall not be liable or responsible for any loss that results from any such investment made in accordance with the terms of this Resolution. For the purposes of any such investment, obligations shall be deemed to mature at the earliest date on which the issuer thereof is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 1207. Form of Bonds; Certificate of Authentication. Subject to the provisions of this Resolution, the forms of any Series of the Bonds, the certificate of authentication to be executed by the Trustee or the Registrar, as the case may be, and the provisions for registration to be endorsed thereon shall be, respectively, in substantially the following forms, with such omissions, insertions, endorsements and variations as may be required by the circumstances and as may be required or permitted by the terms of this Resolution or as may be consistent with the terms of this Resolution and are necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

[FORM OF REGISTERED BOND]

MORRIS COUNTY IMPROVEMENT AUTHORITY

**COUNTY-GUARANTEED GOVERNMENTAL
LOAN REVENUE BONDS, SERIES 2020
(ROCKAWAY BOROUGH BOARD OF EDUCATION PROJECT)**

REGISTERED \$ _____

R-__

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
___%	[•] 1, 20__	[•] __, 2020	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

MORRIS COUNTY IMPROVEMENT AUTHORITY, a public body corporate and politic organized and existing under and by virtue of the laws of the State of New Jersey (hereinafter called the "*Authority*"), acknowledges itself indebted and for value received hereby promises to pay to the REGISTERED OWNER specified above, or its registered assigns, the PRINCIPAL AMOUNT specified above on the MATURITY DATE specified above, together with interest on said PRINCIPAL AMOUNT from the date of this bond until the Authority's obligation with respect to the payment of said PRINCIPAL AMOUNT shall be discharged, at the INTEREST RATE per annum stated above initially on [•] 1, 2020, and semiannually thereafter on each [•] 1 and [•] 1. This bond, as to principal and redemption premium, if any, when due, will be payable at a corporate trust office of [•] Bank, National Association, [•], New Jersey. Interest on this bond will be payable by check and will be mailed to the registered owner hereof who shall appear on the registration books of the Authority kept and maintained by the Registrar hereinafter mentioned, as determined on each [•] 15 and [•] 15. Payment of the principal of, redemption premium, if any, and interest on this bond shall be made in any coin or currency of the United States of America that, at the time of payment, is legal tender for the payment of public and private debts.

This bond is one of the duly authorized issue of revenue bonds of the Authority, each designated as "County-Guaranteed Governmental Loan Revenue Bonds, Series 2020 (Rockaway Borough Board of Education Project)" (the "*Bonds*"), limited to the aggregate principal amount of \$12,490,000, and authorized and issued under and pursuant to the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (hereinafter called the "*Act*"), and under and in accordance with a resolution of the Authority duly adopted on [•], 2020 and entitled, "Resolution Authorizing the Issuance of County-Guaranteed Governmental Loan Revenue Bonds, Series 2020 (Rockaway Borough Board of Education Project) of the Morris County Improvement Authority and Determining Other Matters Related Thereto", as amended

and supplemented (hereinafter called the "*Resolution*"). Copies of the Resolution are on file in the office of the Authority in Morristown, Morris County, New Jersey, and at the principal corporate trust office of [●] Bank, National Association, [●], New Jersey (the "*Trustee*"), as trustee under the Resolution.

This bond is a special obligation of the Authority and is payable from the Revenues of the Authority, as such term is defined in the Resolution.

Pursuant to the terms of the Resolution, the Authority may hereafter issue additional Bonds (hereinafter called "*Additional Bonds*") for the purposes, in the amounts and on the conditions set forth in the Resolution. All Bonds issued and to be issued under the terms of the Resolution, including all Additional Bonds, are and will be equally secured by the pledge of the Revenues and funds provided in the Resolution, except as otherwise expressly provided in or pursuant to the terms of the Resolution.

Reference to the Resolution and any and all resolutions supplemental thereto and any modifications and amendments thereof and to the Act is made for a description of the nature and extent of the security for the Bonds, the funds or Revenues pledged for the payment thereof, the nature, manner and extent of the enforcement of such pledge, the rights and remedies of the Holders of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and upon which they may be issued thereunder, and a statement of the rights, duties, immunities and obligations of the Authority and the Trustee.

To the extent and in the respects permitted by the Resolution, the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by action taken on behalf of the Authority in the manner and subject to the conditions and exceptions set forth in the Resolution. The pledge of the Revenues and other obligations of the Authority under the terms of the Resolution may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof upon the terms and conditions set forth in the Resolution.

This bond is transferable, as provided in the Resolution, only upon the registration books of the Authority kept and maintained for that purpose at a corporate trust office of [●] Bank, National Association, [●], New Jersey (the "*Registrar*"), as registrar under the Resolution, or its successor as Registrar, by the registered owner hereof in person or his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or such duly authorized attorney, together with the required signature guarantee, and thereupon the Authority shall issue in the name of the transferee a new registered Bond or Bonds, of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Bond as provided in the Resolution, upon payment of the charges therein prescribed. The Authority, the Trustee, the Registrar and any Paying Agent of the Authority may treat and consider the person in whose name this bond is registered as the Holder and absolute owner of this bond for the purpose of receiving payment of the principal of, redemption premium, if any, and interest due hereon and for all other purposes whatsoever.

The Bonds are subject to optional redemption prior to their stated maturity as provided in the Resolution.

THE ACT PROVIDES THAT NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THE ISSUANCE THEREOF.

THE BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY, THE COUNTY OF MORRIS (EXCEPT TO THE EXTENT OF THE BOND GUARANTY) OR ANY POLITICAL SUBDIVISION OF THE STATE (EXCEPT FOR THE LOCAL UNIT TO THE EXTENT OF THE LOCAL UNIT BOND), OTHER THAN THE AUTHORITY, AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OF NEW JERSEY, THE COUNTY OF MORRIS (EXCEPT TO THE EXTENT OF THE BOND GUARANTY) OR ANY POLITICAL SUBDIVISION OF THE STATE (EXCEPT FOR THE LOCAL UNIT TO THE EXTENT OF THE LOCAL UNIT BOND), OTHER THAN THE AUTHORITY, EITHER LEGAL, MORAL OR OTHERWISE.

It is hereby certified and recited that all conditions, acts and things that are required by the Constitution or the statutes of the State of New Jersey or by the Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this bond exist, have happened and have been performed, and that the Bonds, together with all other indebtedness of the Authority, are within every debt and other limit prescribed by said Constitution or statutes.

This bond shall not be entitled to any security or benefit under the terms of the Resolution or be valid or obligatory for any purpose unless the certificate of authentication has been duly executed by the Trustee upon original issuance and thereafter by the Registrar.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, MORRIS COUNTY IMPROVEMENT AUTHORITY has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman and its corporate seal to be affixed, impressed or reproduced hereon, and this bond and such seal to be attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the DATED DATE set forth above.

**MORRIS COUNTY IMPROVEMENT
AUTHORITY**

[SEAL]

By: _____
Chairman

ATTEST:

By: _____
Assistant Secretary

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within-mentioned Resolution and is one of the "County-Guaranteed Governmental Loan Revenue Bonds, Series 2020 (Rockaway Borough Board of Education Project)" of the MORRIS COUNTY IMPROVEMENT AUTHORITY.

**[●] BANK, NATIONAL ASSOCIATION,
as Trustee**

**By: _____
Authorized Signatory**

Date of Authentication: [●], 2020

[FORM OF ASSIGNMENT]

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

*(Please Print or Typewrite Name, Address and Social Security
Number or Taxpayer Identification Number of Transferee)*

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney

To transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICES: This signature to this assignment must correspond with the name as it appears upon the fact of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution as defined by SEC Rule 17Ad-15 (12 *CFR* 240.17Ad-15) or any similar rule which the Trustee deems applicable)

By _____

Title _____

Section 1208. Effective Date. This Resolution shall take effect immediately.

ARTICLE XIII

PROVISIONS CONCERNING LOCAL UNIT BOND

Section 1301. Terms and Conditions for Local Unit Bond. The Authority shall purchase and the Local Unit shall sell and issue the Local Unit Bond.

Section 1302. Form of Local Unit Bond. The Local Unit Bond shall be substantially in the form approved by the Authority and the County.

Section 1303. Delivery of Documents in Connection with Local Unit Bond. Prior to or at the execution and delivery of the Local Unit Bond and the closing on each Series of Bonds, the Authority, the County and the Trustee shall have received the following documents from the Local Unit:

(i) an opinion of counsel or bond counsel to the Local Unit, as approved by Bond Counsel to the Authority and counsel to the County, to the effect that the Local Unit Bond was duly authorized by the Local Unit and is a valid, binding and enforceable obligation of the Local Unit;

(ii) the Local Unit Bond;

(iii) copies of the bond ordinance and resolutions, as applicable, adopted by the Local Unit governing body authorizing the sale, issuance and delivery of the Local Unit Bond and related applicable matters, certified by an authorized representative of the Local Unit or the Local Unit Clerk;

(iv) evidence satisfactory to Bond Counsel to the Authority and counsel to the County that the Basic Local Unit Bond Payments and the Additional Local Unit Bond Payments pursuant to the Local Unit Bond are sufficient to pay Bond Service on each Series of Bonds, Authority Administrative Expenses, County Guaranty Costs and all costs of the financing, respectively; and

(v) such other certificates, documents, opinions and information as the Authority and the County may reasonably require in connection with the sale, execution and delivery of the Local Unit Bond.

All opinions and certificates required under this Section 1303 shall be dated the closing date of such Series of Bonds and all such opinions shall be addressed to the Authority, the County, the underwriter and the Trustee.

Section 1304. Default Under Local Unit Bond. The Trustee shall, by 3:00 p.m. of the second Business Day after the Payment Verification Date, immediately notify the Authority, the County and the Local Unit of the Trustee's failure to receive a Basic Local Unit Bond Payment from the Local Unit. Notwithstanding the above, the failure of the Trustee to receive any Basic Local Unit Bond Payment from the Local Unit on any Local Unit Bond Payment Date shall not cause an Event of Default for the purposes of Article X of this Resolution.

In the event of a default in the payment of any Basic Local Unit Bond Payment due and owing to the Authority by the Local Unit under the Local Unit Bond, the County shall be unconditionally obligated to pay such sum of money to satisfy the Bond Reserve Requirement in the Bond Reserve Fund pursuant to the County Guaranty so as not to cause an Event of Default under Section 1001 hereof.

Section 1305. Trustee's Obligations. (a) Subject to the provisions of Article X hereof, the Trustee shall reasonably assist and cooperate with the Authority and the County in the enforcement of all terms and conditions of the Local Unit Bond, including (without limitation) the prompt payment of all Basic Local Unit Bond Payments and Additional Local Unit Bond Payments and all other amounts due to the Trustee thereunder, and the observance and performance of all duties, covenants, obligations and agreements thereunder.

The Trustee shall not release the duties, covenants, obligations or agreements of the Local Unit under the Local Unit Bond and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Authority, the County and the Holders under or with respect to the Local Unit Bond; *provided, however*, that this provision shall not be construed to prevent the Trustee (with the written consent of the Authority and the County) from settling a default under the Local Unit Bond on such terms as the Trustee shall determine to be in the best interests of the Authority, the County and the Holders.

(b) The Trustee, the Authority and the County or its designee shall receive from the Local Unit, on an annual basis, as long as the County Guaranty is in effect and any Bond Service on the Bonds attributable to the Local Unit remains unpaid, within five Business Days after the adoption of a temporary budget appropriation and/or the filing of an annual budget as introduced by the Local Unit with the Division of Local Government Services, a certificate of the Chief Financial Officer of the Local Unit stating that the temporary budget appropriation and/or annual budget contains a line item that represents an amount due under the Local Unit Bond for all Local Unit Bond Payments due from the Local Unit during the Local Unit's Fiscal Year (as used herein, the "*Certificate*"). Such Certificate shall have attached a copy of the page of the temporary budget appropriation and/or budget on which the line item appears. The Trustee, the Authority and the County or its designee shall also receive from the Local Unit, within five Business Days thereof, notice of any revisions to such line item or the transfer of any moneys out of such line item. In the event such Certificate is not received by the Trustee 60 days following the beginning of the Local Unit's Fiscal Year or the Trustee otherwise has actual knowledge that the Local Unit has revised its budget or transferred money out of a line item, as applicable, the Trustee shall promptly notify the Authority and the County or its designee of such event(s) and the Authority and the County shall take immediate action to cause all Local Unit Bond Payments to be timely paid by the Local Unit. For purposes of this Section 1305(b), the Trustee shall be deemed to have actual knowledge only if an officer of the corporate trust department of the Trustee has actual knowledge thereof.

Section 1306. Termination of Local Unit Bond. Upon the payment in full by the Local Unit of all amounts due under the Local Unit Bond, including all Basic Local Unit Bond Payments and Additional Local Unit Bond Payments, the Trustee shall, at the written direction of the Authority, deem the Local Unit Bond paid.

Section 1307. Files. After the execution and delivery of the Local Unit Bond, the Trustee shall retain all the documents received by it pursuant to this Article XIII in connection with the Local Unit Bond executed by the Local Unit in a file pertaining to the Local Unit, to which file the Trustee shall from time to time add all records and other documents pertaining to Local Unit Bond Payments and other amounts received by the Trustee under the Local Unit Bond and all communications from or received by the Trustee with respect to the Local Unit. Such file shall be kept at the principal corporate trust office of the Trustee and shall be available for inspection by the Authority and the County at reasonable times and under reasonable circumstances.

Section 1308. County Guaranty. (a) The Local Unit Bond and the Authority's Bond Purchase Agreement with the Local Unit shall provide that the Local Unit shall pay, on each Local Unit Bond Payment Date during the Bond Year, Basic Local Unit Bond Payments, which together with other moneys on deposit in the Bond Service Fund will equal the Bond Service Requirement on the Bonds on the next succeeding Interest Payment Date or Principal Installment Date, as applicable, under the Local Unit Bond during each Bond Year. Each Basic Local Unit Bond Payment due under the Local Unit Bond shall be on deposit in the Revenue Fund not later than the Local Unit Bond Payment Date.

(b) Not later than 3:00 p.m. of the second Business Day after any Payment Verification Date, the Trustee shall determine (i) whether the amounts on deposit in the Bond Service Fund and the Bond Reserve Fund are sufficient to meet the Bond Service Requirement on such Series of Bonds for the next succeeding Interest Payment Date or Principal Installment Date, as applicable, and (ii) if the Local Unit has not made a Basic Local Unit Bond Payment or portion thereof, which determination shall be made at the close of business on the Payment Verification Date. In the event such amounts are insufficient to meet such Bond Service Requirement, the Trustee shall, in writing, notify the Authority, the Local Unit and the County or its designee of such deficiency no later than 3:00 p.m. of the second Business Day after such Payment Verification Date, which notice shall be in conformance with the provisions of paragraph (c) hereof and shall demand such Basic Local Unit Bond Payment from the Local Unit with directions to make such Basic Local Unit Bond Payment not later than 15 days before any Payment Date. The County shall acknowledge receipt of any such notice from the Trustee within two Business Days after receipt thereof.

(c) In accordance with Sections 505 and 507 hereof, in the event the Local Unit has failed to make a Basic Local Unit Bond Payment on any Local Unit Bond Payment Date so that the total amount of Basic Local Unit Bond Payments so received by the Trustee and on deposit in each of the Bond Service Fund and the Bond Reserve Fund are insufficient to meet the Bond Service Requirement on a Series of Bonds due on the next ensuing Interest Payment Date or Principal Installment Date, as applicable, the Trustee shall notify the Authority and the County or its designee in writing in accordance with the Guaranty Agreement of such deficiency not later than 3:00 p.m. of the second Business Day after a Payment Verification Date, which notification shall specify the amount of the interest payment and/or Principal Installment due and payable and the amount of such deficiency owed by the Local Unit and shall state that an amount equal to the Bond Reserve Requirement is required to be paid by the County, which amount shall be due and payable by the County to the Trustee not later than 13 days prior to the Payment Date, as applicable, on such Series of Bonds, unless the deficiency shall have been satisfied by the Local

Unit no later than 15 days prior to the next ensuing Interest Payment Date or Principal Installment Date, as applicable. The County shall acknowledge receipt of any such notice within two Business Days after receipt thereof. Notwithstanding the above, failure of the Trustee to give the notices required under Sections 1304 and 1305 hereof or any defect in such notices to the County shall not relieve the County of its obligations under the County Guaranty.

(d) The County shall take all actions necessary and permitted by law, which actions may include *ex parte* actions, to make payment of an amount equal to the deficiency in the Bond Reserve Requirement caused by the deficiency owed by the Local Unit, which amount, when added to available amounts on deposit in Bond Reserve Fund, shall satisfy the Bond Reserve Requirement and shall be sufficient to pay the principal of and interest on the Bonds due on the next ensuing Interest Payment Date or Principal Installment Date, as applicable.

Section 1309. Subrogation of County to Bondholders. The County shall, to the extent it incurs County Guaranty Costs pursuant to the County Guaranty and the Guaranty Agreement to cure any deficiency in the Bond Reserve Requirement resulting from a deficiency in Basic Local Unit Bond Payments, which payments are to be applied to the payment of principal or Redemption Price of and interest on a Series of Bonds, become subrogated to the rights of Bondholders. In the case of subrogation for payments applied to the payment of Bond Service on a Series of Bonds on any Interest Payment Date or Principal Installment Date, as applicable, the Trustee shall note on its records the County's rights as subrogee on the Revenues, funds and accounts of the Authority held under this Resolution. Notwithstanding anything in this Resolution to the contrary, the Trustee shall make payment of delinquent Basic Local Unit Bond Payments received from the Local Unit directly to the County to the extent the County is a subrogee with respect thereto, unless otherwise directed by the County pursuant to this Resolution.

MOVED/SECONDED:

Resolution moved by Commissioner _____.

Resolution seconded by Commissioner _____.

VOTE:

Commissioner	Yes	No	Abstain	Absent
Gallopo				
Bauer				
Ramirez				
Sandman				
Bonanni				

This Resolution was acted upon at the Regular Meeting of the Authority held on January 15, 2020 at the Authority's principal corporate office in Morristown, New Jersey.

Attested to this 15th day of January, 2020.

By: _____
Secretary of the Authority

FORM and LEGALITY:

This Resolution is approved as to form and legality as of January 15, 2020

By: _____
Matthew D. Jessup, Member
McManimon, Scotland & Baumann, LLC
Counsel to the Authority
Resolution No. 20-03