

**Minutes of the Regular Meeting of the  
Monmouth County Bayshore Outfall Authority  
Monday, February 5, 2018, 7:08 p.m.  
MCBOA Conference Room  
200 Harbor Way, Belford, New Jersey**

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**I. CALL TO ORDER**

Michael C. Sachs, Authority Chairman, called the Meeting to Order.

**II. COMPLIANCE STATEMENT:**

The Chairman announced that adequate notice has been given to the public and press of the date, time and place of this Meeting, in accordance with P.L. 1975, Chapter 231, "Open Public Meetings Act."

**III. ROLL CALL – ATTENDANCE**

Commissioners Present: Aumack, Knox, Foley, Loud-Hayward, Sachs, Scarano, Schoeffling and Smith  
Commissioners Absent: Sodon

Also Present: Gregory W. Vella Esq., Authority Attorney, Collins, Vella and Casello, L.L.C.  
Dennis Dayback, P.E., Authority Engineer, T&M Associates  
Theodore Panis, CPA, Authority Accountant, Panis & Attner, P.A.  
Edward Tuberion, Foreman  
Barbara Vilanova, Recording Secretary

**IV. Approval of Minutes – Authority Regular Meeting Held on 1/08/18**

On **Motion** by Mr. Knox, **Seconded** by Mr. Smith, the Minutes of the 1/08/18 Public Meeting were approved as presented by all Members present, no nays, two abstain (Foley & Schoeffling) and one absent.

**REPORT OF ADVISORS  
Foreman's Monthly Report**

Edward Tuberion, MCBOA Foreman, presented his monthly report.

❖ **Monthly Highlights**

- SREC's – 34 sold @ 211 = \$7,385 24 SREC's from December 2017 ready for auction. 35 SREC's earned for January 2018
- Liner repairs- liner certification received from T&M.
- A/C repairs
- Power Resiliency HMP BRSA meeting
- Meeting with T&M for Annual Report
- NJSEM electric power supply bids
  - Pump stations & Sandy Hook =South Jersey Energy \$.07501
  - Street lighting= Constellation Energy \$.04352
- Meter calibrations completed 1/18
- Quarterly bioassay testing completed 1/26
- UST licensing class 2/8
- Outfall pipe inspection RFP

**Office Manager's Monthly Report**

❖ **Monthly Highlights**

- 2017 Billing Adjustment completed

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- Keansburg billed for 1<sup>st</sup> Quarter.
- TOMSA 1<sup>st</sup> Quarter payment received.
- OSHA Form 300A completed and posted
- 1094C & 1095C forms completed & distributed
- EZ Pass

On **Motion** by Mr. Knox, **Seconded** by Mr. Smith, the board authorized Ms. Vilanova to apply for an EZPass for the Authority. This matter was passed by the affirmative voice vote of all members present, no nays, no abstain, one absent.

**Attorney**

Mr. Vella thanked the chairman, vice-chairman and commissioners for his appointment as Authority Attorney. Mr. Vella presented the resolution supporting the Bayshore Regional Sewerage Authority's Hazard Mitigation Plan that the Authority needs to adopt in order to move the process forward. Also, on the Agenda is the resolution authorizing the issuance of project notes for the financing program through NJEIT. This resolution is also needed to move the pipeline inspection project forward.

**Accountant**

Mr. Panis thanked the board for his appointment as the Authority Accountant.

**Engineer**

Mr. Dayback thanked the board for their continued confidence with T&M as the Authority Engineer. Mr. Dayback reported as follows:

- **NJNG Many Mind Creek Soil Remediation**

Mr. Dayback reported that there has been no further communication from NJNG and the project remains as previously reported.

- **Whirl Construction**

There has been no change over the past month.

- **ACOE**

Nothing new to report.

- **New Jersey Environmental Infrastructure Trust Fund**

Mr. Dayback reported that T&M is coordinating with the Authority's bond counsel to complete the Short-Term FAF to allow the Authority to borrow funds to cover the planning and design costs to complete the pipeline assessment and develop bid documents. Pending approval of the Short-Term FAF, T&M will coordinate with NJDEP as needed and get verbal approval to initiate execution of the assessment proposal. Mr. Dayback also provided the Authority with a proposal for services for the project.

- **BRSA Emergency Power**

Mr. Dayback reported that after our discussion last month concerning the BRSA draft Hazard Mitigation Plan (HMP), a subsequent meeting was held with BRSA to discuss the authority's concerns with the operation of the emergency generators. Attorney Vella, Ed. Tuberion and Mr. Dayback attended. Attorney Vella provided an overview of the Authority's concerns as it relates to the operation of the generators. BRSA appeared receptive

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to the concerns and will address same. In response to the concerns, BRSA has provided a revised draft copy of the HMP for review.

- **Liner certification**

Completed and delivered to Authority.

- **Annual Report of the Consulting Engineer**

Mr. Dayback will deliver by Friday, February 9<sup>th</sup>.

- **HVAC Investigation**

Mr. Dayback has submitted a proposal to perform an investigation and provide recommendations for the replacement of the HVAC unit.

On **Motion** by Ms. Loud-Hayward, **Seconded** by Mr. Schoeffling, the board authorized Mr. Dayback and T&M Engineers to complete the HVAC investigation and recommendations, based on an hourly rate, with a not to exceed \$4,500.00. This matter was passed by the affirmative voice vote of all members present, no nays, no abstain, one absent.

**New Business**

None

**Resolution offered by Mr. Knox:**

**RESOLUTION AUTHORIZING REQUEST FOR PROPOSALS  
UNDER THE FAIR OPEN PROCESS PURSUANT  
TO N.J.S.A. 19:44A-20.4 *et seq.***

**WHEREAS**, the State of New Jersey recently passed “Pay-To-Play” laws wherein all counties, municipalities and local authorities, who award contract in excess of \$17,500.00 for goods and services, may either retain professionals under the Fair and Open Process or the Non-Fair Open Process; and

**WHEREAS**, Monmouth County Bayshore Outfall Authority awarded contracts by the Fair and Open Process for legal services, engineering services and auditing services for 2006 through 2018; and

**WHEREAS**, Monmouth County Bayshore Outfall Authority needs to retain a Bond Counsel to represent MCBOA during any potential financing transactions during 2018; and

**WHEREAS**, the Commissioners of the Monmouth County Bayshore Outfall Authority believe that it is the best interest of the Authority and their clients to continue to retain Bond Counsel pursuant to the Fair and Open Process; and

**WHEREAS**, the Commissioners of the Monmouth County Bayshore Outfall Authority desire to request proposals for Bond Counsel pursuant to the Fair and Open Process for the position of Bond Counsel; and

**NOW, THEREFORE, BE IT RESOLVED** that Monmouth County Bayshore Outfall Authority hereby authorizes the attorney for the Monmouth County Bayshore Outfall Authority to prepare bid specifications for the position of Bond Counsel for Monmouth County Bayshore Outfall Authority; and

**BE IT FURTHER RESOLVED** that the Authority's Secretary is hereby authorized to publish Notice of the Bid Proposals on Monmouth County Bayshore Outfall Authority's website by February 8, 2018 and receive proposals by February 22, 2018 and submit copies of each proposal to all Commissioners for their consideration prior to the meeting, so the Commissioners can award the contract for Bond Counsel at the March 19, 2018 meeting.

**Seconded by** Mr. Schoeffling and on a roll call the following vote was recorded:

AYES: Aumack, Foley, Knox, Loud-Hayward, Sachs, Scarano, Schoeffling & Smith  
NAYS: None  
ABSENT: Sodon  
ABSTAIN: None

**Resolution offered by Mr. Knox:**

**RESOLUTION OF THE  
MONMOUTH COUNTY BAYSHORE OUTFALL AUTHORITY  
SUPPORTING BAYSHORE REGIONAL SEWERAGE AUTHORITY'S HAZARD MITIGATION  
PLAN**

**WHEREAS**, Monmouth County Bayshore Outfall Authority ("MCBOA") has reviewed the Bayshore Regional Sewage Authority's ("BRSA") Hazard Mitigation Plan for Power Resiliency System for BRSA and MCBOA date January 31, 2018; and

**WHEREAS**, the Hazard Mitigation Plan provides a plan to construct natural gas fired generators to provide electric power to both BRSA and MCBOA's facilities in the event there is a power failure at either facility; and

**WHEREAS**, MCBOA presently maintains diesel powered motors to operate its facility in the event of power failure, however operating the diesel power motors are labor intensive and are usage is limited to the availability of fuel; and

**WHEREAS**, having a continued source of electricity to power the electric motors in case of power failure would be a substantial benefit to MCBOA, its customers and to the environment; and

**WHEREAS**, MCBOA supports the Hazard Mitigation Plan for Power Resiliency System for BRSA and MCBOA; and

**NOW, BE IT RESOLVED**, that the governing body MCBOA adopts this resolution to confirm the support for the Hazard Mitigation Plan for Power Resiliency System for BRSA and MCBOA date January 31, 2018.

**Seconded** by Mr. Scarano and on a roll call the following vote was recorded:

AYES: Aumack, Foley, Knox, Loud-Hayward, Sachs, Scarano, Schoeffling & Smith  
NAYS: None  
ABSENT: Sodon  
ABSTAIN: None

**Resolution offered by Mr. Knox:**

**RESOLUTION AUTHORIZING THE ISSUANCE OF PROJECT NOTES OF THE MONMOUTH COUNTY BAYSHORE OUTFALL AUTHORITY IN CONNECTION WITH THE CONSTRUCTION FINANCING LOAN PROGRAM OF THE NEW JERSEY INFRASTRUCTURE BANK (F/K/A NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST)**

**WHEREAS**, the Monmouth County Bayshore Outfall Authority (the “Authority”) has been duly created as a public body corporate and politic pursuant to the Municipal and County Utilities Authority Law, constituting Chapter 1957 of the Pamphlet Laws of 183, of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the “Act”); and

**WHEREAS**, pursuant to the terms of the Act, the Authority is empowered to design, initiate, acquire, own, lease, construct, maintain, repair and operate projects or cause the same to be operated pursuant to a lease, sublease, or agreement with any person or governmental agency and to issue notes or bonds of the Authority to finance such projects; and

**WHEREAS**, the Authority desires to authorize the issuance of its notes to finance projects relating to its System (as hereinafter defined); and

**WHEREAS**, the Authority has determined that there exists a need to acquire, construct, renovate or install a project consisting of the Initial Project (as hereinafter defined), and it is the desire of the Authority to obtain financing for such Initial Project through participation in the environmental infrastructure financing program (the “Environmental Infrastructure Financing Program”) of the New Jersey Infrastructure Bank (f/k/a/ New Jersey Environmental Infrastructure Trust) (the “Bank”); and

**WHEREAS**, the Authority has determined to temporarily finance the acquisition, construction, renovation or installation of the Initial Project prior to the bond closing with respect to the Environmental Infrastructure Financing Program, and to undertake such temporary financing with the proceeds of an interim loan to be made by the Bank (the “Interim Loan”) to the Authority, pursuant to the Construction Financing Loan Program of the Bank (the “Construction Financing Program”); and

**WHEREAS**, in order to (i) evidence and secure the repayment obligation of the Authority to the Bank with respect to the Interim Loan and (ii) satisfy the requirements of the Construction Financing Program, it is the desire of the Authority to issue and sell to the Bank one or more “Notes Relating to the Construction Financing Loan Program of the New Jersey Infrastructure Bank (f/k/a New Jersey Environmental Infrastructure Trust)” in an aggregate principal amount of up to \$3,000,000 (the “Initial Project Notes”); and

**WHEREAS**, it is the desire of the Authority to authorize, execute, attest and deliver the Initial Project Note to the Bank pursuant to the terms of the Act; and

**WHEREAS**, Section 27 of the Act and N.J.S.A. 58:11B-9 each allow for the sale of the Project Note to the Bank, without any public offering, all pursuant to the terms and conditions set forth therein; and

**WHEREAS**, the Authority desires to, among other things, specify and determine the terms and conditions with respect to the Project Notes to be authorized for issuance hereunder.

**NOW, THEREFORE, BE IT RESOLVED BY THE MONMOUTH COUNTY BAYSHORE OUTFALL AUTHORITY**, as follows:

### **Definitions and Interpretations**

Short Title. This resolution may hereafter be cited by the Authority, and is hereinafter sometimes referred to as the “Project Note Resolution”.

Definitions. As used or referred to in this resolution, unless a different meaning clearly appears from the context: “Act” means the Municipal and County Utilities Authority Law constituting Chapter 183 of the Pamphlet Laws of 1957 of the State of New Jersey, and the acts amendatory thereof and supplemental thereto;

“Additional Project Notes” means any of the Project Notes of the Authority authorized and issued pursuant to Section 314 hereof, and any notes issued in lieu of or in substitution for such notes pursuant to this Project Note Resolution;

“Authority” means the Monmouth County Bayshore Outfall Authority, a public body corporate and politic created and existing under and by virtue of the Act;

“Authority Officer” or “Authorized Officer” means the Chairman, Vice Chairman, Treasurer or Secretary or such other member or employee of the Authority designated by a resolution to act on behalf of the Authority under this Project Note Resolution;

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

“Bond” means any of the bonds of the Authority which shall be authenticated and delivered under and pursuant to the terms of the General Bond Resolution or the Junior Lien Bond Resolution;

“Bond Counsel” means any nationally recognized law firm of recognized standing selected by the Authority;

“Book-Entry Note” means any Project Notes which is issued in book-entry form as evidenced by a single certificate which is registered and delivered to a Securities Depository;

“Certificate of Authority Officer” means any certificate which is executed by an Authority Officer who has been authorized by the Authority in order to make those determinations permitted to be determined thereby by this Project Note Resolution and which are not otherwise inconsistent with the terms of this Project Note Resolution or the terms of any Supplemental Project Note Resolution;

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

“Cost or Costs” means cost or costs as defined in the Act, including capitalized interest on any Project Notes;

“Debt Service Account” means the account so designated which is established and created by Section 502 hereof;

“District” means the geographic district of the Authority as it exists from time to time in accordance with the Act;

“Fiduciary” means the Paying Agent or Registrar;

“General Bond Resolution” shall mean the resolution of the Authority adopted on March 23, 1972, as amended and supplemented and entitled “Monmouth County Bayshore Outfall Authority General Bond Resolution”;

“Initial Project” means the project to be financed by the Initial Project Notes, consisting of various force main improvements, including rehabilitation and/or repair of the Authority’s existing fourteen (14) mile pre-stressed concrete cylinder pipe force main, where necessary;

“Initial Project Notes” means any of the Project Notes authorized herein which may be issued pursuant to Section 301 hereof, and any notes issued in lieu of or in substitution for such notes pursuant to this Project Note Resolution;

“Investment Obligations” shall mean, to the extent permitted by law, (a) any direct and general obligation of or any obligation fully and unconditionally guaranteed by the United States of America including obligations that do not pay current interest; (b) any bond, debenture, note, participation certificate or other evidence of indebtedness issued or guaranteed by any of the following agencies: Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Federal Land Banks, Federal National Mortgage Association, Government National Mortgage Association, Farmers Home Administration and Student Loan Marketing Association; (c) negotiable or nonnegotiable certificates of deposit issued by any bank, savings and loan association, trust company or national banking association (which may include any Fiduciary), and which certificates of deposit, except in the case of certificates of deposit issued by a bank, savings and loan association, trust company or national banking association (which may include any Fiduciary) either located in the State and eligible to accept deposits pursuant to the New Jersey Governmental Unit Deposit Protection Act or having capital stock and surplus of more than \$100,000,000, shall be continuously secured by obligations described in clauses (a), (b) or (d) of this definition, that shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Paying Agent by the bank, the savings and loan association, the trust company or the national banking association (which may include any Fiduciary) issuing such certificates of deposit; (d) full faith and credit obligations of the State or of any political subdivision thereof or revenue obligations of the State or of any political subdivision thereof rated in any of the three highest applicable rating categories by Standard & Poor’s Ratings Services and Moody’s Investors Services, Inc., respectively, if such rating agency then has an outstanding rating on the Project Notes or, if neither of such rating agencies then has an outstanding rating on the Project Notes, by any nationally recognized rating agency; (e) deposits in interest bearing accounts in any bank, savings and loan association, trust company or national banking association (which may include any Fiduciary) either located in the State and eligible to accept deposits pursuant to the New Jersey Governmental Unit Deposit Protection Act or having capital stock and surplus of more than \$100,000,000; (f) shares or beneficial interests in an investment fund or trust (including any money market fund or mutual fund customarily utilized by the Paying Agent) and whose assets

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consist solely of obligations described in clauses (a) or (b) of this definition; (g) interests in the State of New Jersey Cash Management Fund; (h) any investment agreement with any bank, trust company or national banking association (which may include any Fiduciary) having a capital stock and surplus of more than \$100,000,000 or with any government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York or Philadelphia for the purchase of securities described in clause (a) or (b) above, provided such investment agreements shall be continuously secured by obligations described in clauses (a) or (b) of this definition having a market value at all times at least equal to the principal amount invested in such investment agreement, and provided further that the investment agreement shall have been approved by Standard & Poor's Ratings Services and Moody's Investors Service, Inc., respectively, if it then has an outstanding rating on the Project Notes; or (i) certificates that evidence direct ownership of the right to payments of principal or interest on obligations described in clause (a) hereof, provided that such obligations shall be held by the Paying Agent or in trust for the benefit of the Paying Agent by a bank, trust company or national banking association having a capital stock and surplus of more than \$200,000,000. The capital stock and surplus of any banking institution shall be determined by reference to its latest published financial statements. If the Project Notes are rated by Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, then the obligations described in clauses (a), (b) or (f) of this definition and the debt of any bank, savings and loan association, trust company or national banking association referenced in clause (c) or clause (e) of this definition must have an investment grade rating from such rating agency.

As of the date of adoption of this Project Note Resolution, the following investments are currently permitted investments for county utilities authorities under the laws of the State of New Jersey;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Interests in an investment company or investment trust (a "Government Money Market Mutual Fund"): (a) which is registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and operated in accordance with 17 C.F.R. 270.2a-7, (b) the portfolio of which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) hereof (a "Qualified Portfolio"), and (c) which is rated by a nationally recognized statistical rating organization;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the Authority or bonds or other obligations of school districts of which the District of the Authority is a part;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units;

(6) Interests in an investment pool (a "Local Government Investment Pool"): (a) which is managed in accordance with 17 C.F.R. 270.2a-7, (b) which is rated in the highest category by a nationally recognized statistical rating organization, (c) which is limited to a Qualified Portfolio, (d) which is in compliance with the rules adopted by the New Jersey Local Finance Board, (e) which does not permit investments in instruments that are subject to high price volatility with changing market conditions, cannot readily be expected, at the time of interest rate adjustment, to have a market price value that approximates their par value, or utilize an index that does not support a stable net asset value; and (f) which purchases and redeems investments directly from the issuer, government money market mutual fund, or the State of New Jersey Cash Management Fund, or through the use of an entity (a "Qualified Entity") which is a national or State bank located within the State, or



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through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to N.J.S.A. 49:3-56 and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to N.J.S.A. 52:18A-90.4;

(8) Agreements for the repurchase of fully collateralized securities if: (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) hereof, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository as defined in N.J.S.A. 17:9-41, and (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

(9) Deposits in a public depository pursuant to N.J.S.A. 17:9-44.

As of the date of adoption of this resolution, certain additional restrictions apply to investments and deposits of Authority funds under the laws of the State, including the following:

(a) Investments and deposits shall be made pursuant to a cash management plan to be approved annually by the Authority pursuant to N.J.S.A. 40A:5-14;

(b) The registered principal of any security brokerage firm selling securities to the Authority shall be provided with, and shall sign an acknowledgement that the principal has seen and reviewed the Authority's cash management plan;

(c) When an investment in bonds maturing in more than one year is authorized, the maturity of these bonds shall approximate the prospective use of the funds invested;

(d) Any investment instruments in which the security is not physically held by the Authority shall be covered by a third party custodial agreement which shall provide for the designation of such instruments in the name of the Authority and prevent unauthorized use of such investments;

(e) Purchase of investment securities shall be executed by the "delivery versus payment" method to ensure that securities are either received by the Authority or a third party custodian prior to or upon the release of the Authority's funds; and

(f) Any investments not purchased and redeemed directly from the issuer, Government Money Market Mutual Fund, Local Government Investment Pool, or the State of New Jersey Cash Management Fund shall be purchased and redeemed through the use of a Qualified Entity.

"Junior Lien Bond Resolution" shall mean the resolutions of the Authority adopted pursuant to Section 708 of the General Bond Resolution in connection with the issuance of subordinated debt;

"Paying Agent" means any paying agent for Project Notes appointed by or pursuant to Section 701, and its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to this Project Note Resolution; provided, however, if the Holder of the Project Notes is the Bank, this Paying Agent shall be the Authority and the qualifications of the Paying Agent set forth herein shall not be applicable;

"Pledged Property" means the amounts held in accordance with Section 5.01 hereof;

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“Project Account” means the account so designated which is established and created by Section 504 hereof;

“Project Notes” means any of the Project Notes of the Authority authenticated and delivered under and pursuant to this Project Note Resolution and issued in anticipation of the issuance of Bonds, including the Initial Project Notes and any Additional Project Notes;

“Project Note Resolution” means this Project Note Resolution as the same may from time to time be amended, modified or supplemented;

“Record Date” with respect to the Project Notes, means (i) 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, (ii) the first day (whether or not a business day) of the calendar month preceding each interest payment date, in the event that the interest payment date is the fifteenth day of a month or (iii) the fifteenth day (whether or not a business day) next preceding each interest payment date, in the event that the interest payment date is other than the first or the fifteenth day of a month;

“Registered Owner” means the registered owner of any of the Project Notes as reflected on the registration books of the Authority which are kept and maintained by the Registrar on behalf of the Authority;

“Registered Project Notes” means any Project Note issued by the Authority registered to the Registered Owner thereof as to both principal and interest;

“Registrar” means the registrar or bond registrar for the Project Notes appointed by the Authority pursuant to Section 701, and its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to this Project Note Resolution; provided, however, if the Holder of the Project Notes is the Bank, the Registrar shall be the Authority and the qualifications of the Registrar and the authentication requirements set forth herein shall not be applicable. The Registrar shall be responsible for the registration, and transfer of any series of registered notes issued pursuant to this Project Note Resolution;

“Revenues” means all Service Charges, and all rates, fees, rents, charges and other income derived or to be derived by or for the account of the Authority from or for the operation, use or services of the System and available in the General Fund of the Junior Lien Bond Resolution, if subordinated debt is outstanding thereunder, and if not, the General Bond Resolution;

“Securities Depository” means the depository for any Book-Entry Notes which are issued hereunder and appointed by the Authority pursuant to Section 701(c) hereof, and its successor or successors, and any other bank or corporation which may be substituted in its place pursuant to the terms of this Project Note Resolution;

“Service Charges” means the amounts which the Authority may impose and collect pursuant to the Act from time to time for the use of the System;

“Supplemental Project Note Resolution” means any resolution of the Authority amending or supplementing this Project Note Resolution.

“System” means the effluent disposal system of the Authority, including the plants, works, instrumentalities or parts thereof and appurtenances thereto, lands, easements, rights in land and water rights, rights-of-way, contract rights, franchises, approaches, connections, dams, reservoirs, water mains and pipe lines, utility installations, pumping stations and equipment, and any other property, real, personal, or mixed, incidental to and included in such source of supply and such system or parts thereof, and any improvements, extensions and betterments, now or hereafter constructed, acquired or made by the Authority, including the Project, and all additional extensions and improvements thereto or any part of the foregoing and any renewals or replacements

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thereof, acquired, constructed or operated or to be acquired, constructed or operated by the Authority for the purposes of the Authority under the Act;

Articles and Sections. Articles and Sections mentioned by number only herein are the respective Articles and Sections of this Project Note Resolution so numbered.

Certain Terms Used. As used in this Project Note Resolution, the terms “herein”, “hereunder”, “hereby”, “hereto”, “hereof”, and any similar terms refer to this Project Note Resolution; the term “heretofore”, means before the time of adoption of this Project Note Resolution; and the term “hereafter” means after the time of adoption of this Project Note Resolution.

Certain Other Words. As used in this Project Note Resolution, words importing persons include firms, associations and corporations, and words importing the singular number include the plural number and vice versa.

Successors and Assigns. Whenever in this Project Note Resolution the Authority is named or referred to, it 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 Project Note 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, or who or which is empowered to exercise or perform, 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 or perform any of the covenants, stipulations, obligations, agreements or other provisions of this Project Note Resolution or comply with or fulfill any conditions set forth in this Project Note Resolution.

Severability of Invalid Provisions. If any one or more of the provisions, covenants or agreements in this Project Note Resolution on the part of the Authority, the Paying Agent or Registrar to be performed should be contrary to law, then such provision or provisions, covenant or covenants, agreement or agreements, shall be deemed separable from the remaining provisions, covenants and agreements, and shall in no way affect the validity of the other provisions of this Project Note Resolution or of the Project Notes.

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

**Statutory Determination, Obligation of the  
Authority and Limitation on Amount of Financing**

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

Authorization for the Initial Project. The Authority has heretofore and does hereby determine to acquire the Initial Project.

Estimated Cost of the Initial Project. (a) The aggregate estimated Costs of the Initial Project are \$3,000,000. It is hereby determined that such Costs so estimated include discounts that may be incurred upon the sale of the Initial Project Notes and reimbursement and repayment of sums heretofore or hereafter provided for by loan or advances from the United States of America, from the State of New Jersey, from the proceeds of

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any other obligations of the Authority or from other sources and expended or to be expended for other Costs of the Initial Project.

(b) The Authority reasonably expects to reimburse its expenditure of all or any portion of the Costs of the Initial Project paid prior to the issuance of the Initial Project Notes and the Bonds with proceeds of its Initial Project Note and/or its Bonds.

(c) This resolution is intended to be and is a declaration of the Authority's official intent to reimburse the Authority for expenditure of Costs of the Initial Project by the Authority paid prior to the issuance of the Initial Project Notes and the Bonds with the proceeds of the Initial Project Notes and/or its Bonds, in accordance with Treasury Regulation Section 1.150-2.

(d) The maximum principal amount of Initial Project Notes and/or Bonds expected to be issued to finance the Initial Project is \$3,000,000.

(e) The Costs of the Initial Project to be reimbursed with the proceeds of the Initial Project Notes and/or the Bonds will be "capital expenditures" in accordance with the meaning of Section 150 of the Code.

(f) No reimbursement allocation will employ an "abusive arbitrage device" under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147, inclusive, of the Code. The proceeds of the Bonds used to reimburse the Authority for Costs, or funds corresponding to such amounts, will not be used in a manner that results in the creation of "replacement proceeds", including "sinking funds", "pledged funds" or funds subject to a "negative pledge" (as such terms are defined in Treasury Regulations Section 1.148-1), of the Initial Project Notes or another issue of debt obligations of the Authority, other than amounts deposited into a "bona fide debt service fund" (as defined in Treasury regulations Section 1.148-1).

(g) all reimbursement allocations will occur not later than 18 months after the later of (i) the date the expenditure from a source other than the Initial Project Notes or the Bonds is paid, or (ii) the date the Initial Project is "placed in service" (within the meaning of Treasury Regulations Section 1.150-2) or abandoned, but in no event more than 3 years after the expenditure is paid.

Project Note Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Project Notes by those who shall hold the same from time to time, the provisions of this Project Note Resolution shall be a part of the contract of the Authority with the holders from time to time of the Project Notes. Any pledge made in this Project Note Resolution and provisions, covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the holders of any and all of the Project Notes. All of the Project Notes, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the Project Notes over any other thereof except as expressly provided in or pursuant to this Project Note Resolution.

Obligation of Project Notes. The Project Notes shall be direct and special obligations of the Authority payable solely from the Pledged Property and the full faith and credit of the Authority are hereby pledged to the payment of the principal of and interest on the Project Notes. However, the power and the obligation of the Authority to cause application of Revenues or other funds to the payment of the principal of or interest on the Project Notes is subject to the pledge of such Revenues to any bonds issued and outstanding or to be issued and outstanding under the General Bond Resolution and Junior Lien Bond Resolution and to the payment of Operating Expenses, and are further subject to the rights of the holders of any Project Notes.

**Authorization, Terms, Execution and Issuance of the Project Notes.**

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Authorization of Initial Project Notes. (i) In accordance with the Act and subject to and pursuant to the provisions of this Project Note Resolution and for the purpose of raising funds to pay a portion of the Costs of the Initial Project in anticipation of the issuance of Bonds, Initial Project Notes and renewals thereof are hereby authorized to be issued in an amount not to exceed \$3,000,000. Such Initial Project Notes, including renewals thereof, shall be issued pursuant to this Project Note Resolution and (a) resolutions of the Authority adopted from time to time to supplement and implement this Project Note Resolution as hereinafter provided or (b) a Certificate of Authority Officer, as the case may be. Project Notes for which payment is provided in accordance with Section 702 hereof shall not thereafter be deemed to be outstanding under the terms of this Project Note Resolution.

(ii) The Authority hereby determines that certain terms of the Initial Project Notes shall be as follows:

- (a) the aggregate principal amount of the Initial Project Notes to be issued shall be an amount up to \$3,000,000.
- (b) the maturity of the Initial Project Notes shall be June 30, 2021, or such earlier or later date (subject to the then-applicable limits of the Bank Act) to be determined by the Bank in its sole discretion, however in no event shall such date be later than June 30, 2023;
- (c) the interest rate of the Initial Project Notes shall be as set forth in the Initial Project Notes, but in no event shall such interest rate exceed 5.00% per annum;
- (d) the purchase price for the Initial Project Notes shall be par;
- (e) the Initial Project Notes shall be subject to prepayment prior to their stated maturity in accordance with the terms and conditions of the Initial Project Note;
- (f) the Initial Project Notes shall be issued in a single denomination for each series and shall be numbered "CFLP-18-\_\_";
- (g) the Initial Project Notes shall be issued in fully registered form and shall be payable to the registered owner thereof as to both principal and interest in lawful money of the United States of America; and
- (h) the Initial Project Notes shall be executed and attested in accordance with Section 303 hereof.
- (i) additional terms of each series of the Initial Project Notes shall be set forth in a Certificate of Authority Officer.

General Terms of Project Notes. The Project Notes shall be designated "Construction Financing Loan Program Note", together with additional designations to identify its series, shall be payable to bearer or to the Registered Owner thereof, or the successor thereof, with respect to principal, redemption premium, if any, and interest at the principal office of the Paying Agent in lawful money of the United States of America, shall be issued in either the form of a Project Note payable to bearer, without coupons attached for the several installments of interest thereon due at or prior to its maturity, or in the form of a fully Registered Project Note without coupons, each such Registered Project Note being payable to a named person or registered assigns, or in the form of a Book-Entry Note, and shall be in substantially the form provided in Section 317 hereof, with such omissions, insertions and variations as are properly required and as are specified in a Supplemental Project Note Resolution of the Authority adopted prior to their authentication and delivery. The principal of, redemption premium, if any, and interest on each Project Note which is payable to bearer shall be paid upon presentation and surrender of such Project Note at the principal office of the Paying Agent, interest on Project Notes (other than Book-Entry Notes) which are in registered form shall be paid by check and mailed to the Registered Owner of such registered Note as of the Record Date at the address listed on the registration books of the Authority which are kept and maintained by the Registrar, the principal of such Registered Project Note (other than Book-Entry Notes) shall be payable upon presentation and surrender thereof by the Registered Owner or his duly authorized attorney at the principal office of the Paying Agent. The provisions relating to the payment of the principal of and interest on any Book-Entry Notes shall be determined by a Certificate of Authority Officer duly

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executed prior to the authentication and delivery of such Book-Entry Notes upon original issuance. Each of the Project Notes shall be dated as of such date, shall mature on such date, shall bear interest payable at such times and at such rate or varying rates of interest per annum not exceeding any limitation thereon prescribed by law, and shall be of such denomination or denominations and may contain such other terms which are not inconsistent with this Project Note Resolution, as may be fixed or determined by a Certificate of Authority Officer duly executed prior to the date of authentication and delivery thereof upon original issuance. The Project Notes of each series shall be numbered consecutively from one upwards. To the extent of any conflict between the provisions hereof and the provisions of Section 301 hereof, the provisions of Section 301 shall control.

Execution of Project Notes. The Project Notes of each series shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of its Chairman or Vice-Chairman and its corporate seal (or a facsimile thereof) shall be affixed, imprinted, engraved or otherwise reproduced thereon, and such seal and Project Note shall be attested by the manual or facsimile signature of its Secretary or Assistant Secretary. In case any officer of the Authority who shall have executed, sealed or attested any of the Project Notes shall cease to be such officer of the Authority before the Project Notes so executed, sealed or attested shall have been authenticated and delivered upon original issuance, such Project Notes may nevertheless be authenticated and delivered as herein provided as if the person who so executed, sealed or attested such Project Notes had not ceased to be such officer.

Authentication of Registered Project Notes. The Registered Project Notes shall bear thereon a certificate of authentication, substantially in the form set forth in Section 317 hereof, duly executed by the Registrar. Only such Project Notes as shall bear thereon such certificate of authentication, duly executed, shall be entitled to any right or benefit under this Project Note Resolution. No Registered Project Note shall be valid or obligatory for any purpose unless such certificate of authentication upon such Registered Project Note shall have been duly executed by the Registrar, and such certificate of authentication by the Registrar upon any Registered Project Note executed on behalf of the Authority shall be conclusive and the only evidence that the Registered Project Note so authenticated has been duly authenticated and delivered under this Project Note Resolution and that the holder thereof is entitled to the benefit of this Project Note Resolution.

Interchangeability of Project Notes. Project Notes which are payable to bearer, upon surrender thereof at the principal office of the Registrar, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of Registered Project Notes of the same series, designation, maturity and interest rate of any authorized denomination. Registered Project Notes (other than Book-Entry Notes), upon surrender thereof at the principal office of the Registrar together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner thereof or his attorney duly authorized in writing, may, at the option of such Registered Owner, be exchanged for an equal aggregate principal amount of Project Notes which are payable to bearer of the same series, designation, maturity and interest rate of any other authorized denominations, or, of Registered Project Notes of the same series, designation, maturity and interest rate of any other authorized denomination.. Provisions relating to the transfer and registration of Book-Entry Notes shall be determined by a Certificate of Authority Officer duly executed prior to the issuance and delivery of such Book-Entry Notes upon original issuance.

Transfer and Registry of Project Notes and Agency Therefor. The Authority shall cause the Registrar to maintain and keep books for the registration and transfer of the Project Notes (other than Book-Entry Notes), 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, 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 regulation as it or the Registrar may prescribe, any Project Note entitled to registration, transfer or exchange. The Registrar is hereby appointed the agent of the Authority for such registration, transfer or exchange of the Project Notes. Provisions relating to the transfer

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and registration of Book-Entry Notes shall be determined by a Certificate of Authority Officer duly executed prior to the authentication and delivery of such Book-Entry Notes on original issuance.

Negotiability, Transfer and Registration of Project Notes Payable to Bearer. Project Notes which are payable to bearer, unless at the time registered as to principal, redemption premium, if any, and interest other than to bearer in the manner provided in this Section, shall be negotiable instruments and title to any such Project Note, unless at the time so registered, shall pass by delivery. Any Project Note which is payable to bearer may be registered as to principal, redemption premium, if any, and interest on the registration books of the Authority at the designated office of the Registrar, upon presentation thereof at said designated office and such registration shall be noted on such Project Note. After registration in this manner, no transfer of such Project Note shall be valid unless made on said books by the Registered Owner thereof in person or by his attorney duly authorized in writing, and similarly noted on such Project Note, but such Project Note may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Project Note may again, from time to time, be registered or discharged from registration in the same manner.

Transfer of Registered Project Notes. Each Registered Project Note (other than Book-Entry Notes) shall be transferable only upon the 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 duly executed by the Registered Owner or such duly authorized attorney. Upon the transfer of such Registered Project Note the Authority shall execute, and the Registrar shall authenticate and deliver, a new Project Note or Project Notes registered in the name of the transferee or, at the option of the transferee, to the extent permitted by law, a Project Note which is payable to bearer, of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Project Note. Provisions relating to the transfer of Book-Entry Notes shall be determined by a Certificate of Authority Officer duly executed prior to the authentication and delivery of such Book-Entry Notes on original issuance.

Ownership of Project Notes and Effect of Registration. The Authority and any Fiduciary may treat and consider the bearer of any Project Note as the holder and absolute owner thereof, whether such Project Note shall be overdue or not, for the purpose of receiving payment of the principal thereof and interest thereon and for all other purposes whatsoever. The Authority and any Fiduciary may treat and consider the person in whose name any Project Note which is payable to bearer which for the time being shall be registered as to principal and interest upon the registration books of the Authority as the holder and absolute owner thereof, whether such Project Note shall be overdue or not, for the purpose of receiving payment of the principal thereof, redemption premium, if any, and interest thereon and for all other purposes whatsoever and payment of, or on account of, the principal of, redemption premium, if any, and interest on such Project Note shall be made only to, or upon the order of, such Registered Owner thereof. However, such registration may thereafter be changed or discharged as herein provided. As of the Record Date, the Authority and any Fiduciary may treat and consider the person in whose name any Project Note which is in registered form as the holder and absolute owner thereof, whether such Project Note shall be overdue or not, for the purpose of receiving payment of the principal thereof, redemption premium, if any, 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 registered Note shall be made only to, or upon the order of, such Registered Owner thereof, but such registration may be changed or discharged as herein provided. All payments made as in this Section provided shall be valid and effective to satisfy and discharge the liability upon the several Project Notes to the extent of the sum or sums so paid.

Reissuance of Mutilated, Destroyed, Stolen or Lost Project Notes. In case any outstanding Project Note shall become mutilated or be destroyed, stolen, or lost, the Authority or in the case of Registered Notes, the Registrar, shall authenticate and deliver a new Project Note of like tenor, number and amount as the Project Note so mutilated, destroyed, stolen or lost, in exchange of and in substitution for such mutilated Project Note

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or in lieu of and in substitution for the Project Note destroyed, stolen or lost upon filing with the Authority or Registrar of evidence, satisfactory to the Authority and the Authority or the Registrar, that such Project Note has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Registrar with indemnity satisfactory to them and upon complying with such other reasonable regulations, as the Authority and the Registrar may prescribe and upon payment of such expenses as the Authority and Registrar may incur in connection therewith. In lieu of reissuing a mutilated, destroyed, lost or stolen Project Note which is due and payable, the Authority may pay the amount due on such Project Note to the owner or holder thereof, provided that all of the other requirements of this Section have been met.

Regulations with Respect to Registrations, Exchanges and Transfers. In all cases in which the privilege of exchanging Project Notes or transferring Registered Project Notes is exercised, the Authority shall execute and the Registrar shall authenticate Project Notes in accordance with the provisions of this Project Note Resolution. For every registration, exchange or transfer of Project Notes, the Authority or the Registrar may charge a sum sufficient to reimburse them for any tax, or other governmental charge 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. The Registrar shall, not less often than quarterly, deliver to the Authority a statement of all Project Notes issued in lieu of or in substitution for other Project Notes pursuant to this Article, including a report of the description and disposition of such other Project Notes.

No Recourse On Project Notes. No recourse shall be had for the payment of the principal of, redemption premium, if any, or interest on the Project Notes or for any claim based thereon or on this Project Note Resolution against any member or officer of the Authority or any person executing the Project Notes. The Authority is obligated to pay the principal or redemption premium of, or interest thereon, solely from the Pledged Property. The Project Notes are not a debt or liability of the State of New Jersey or any political subdivision thereof (other than the Authority) and shall not create or constitute any indebtedness, liability or obligation of the State of New Jersey or of any political subdivision thereof (other than the Authority). Neither the faith and credit nor the taxing power of the State of New Jersey nor any political subdivision thereof is pledged to the payment of principal or redemption premium of, or interest on, the Project Notes. The Authority has no taxing power.

Application of Proceeds of Project Notes. The proceeds of the Project Notes hereafter issued pursuant to this Project Note Resolution from time to time shall be paid to or upon the order of the Authority. The Authority shall deposit the amount (if any) of the accrued interest received with respect to such Project Notes in the Debt Service Account and, if such Project Notes were issued for the purpose of paying at or prior to maturity the principal of, redemption premium, if any, or interest on any Project Notes, an amount sufficient to pay such principal, redemption premium, if any, or interest, shall be similarly deposited. If such Project Notes were issued for the purpose of paying or providing for the payment of any other indebtedness of the Authority incurred with respect to the Initial Project, an amount sufficient for such purpose shall be so applied. Any remainder of the proceeds of such Project Notes shall be deposited by the Authority into the Project Account for application to payment of the Costs of the Initial Project.

Authorization of Additional Project Notes. (a) After the execution, authentication and delivery of the Initial Project Notes, Additional Project Notes of the Authority may be authorized to be issued pursuant to and in accordance with the Act either (i) for the purpose of raising funds to pay the Cost of acquisition or construction of part or parts of the Initial Project, including extensions, renewals, replacements, equipment, alterations, improvements or betterments and of all or any property, rights, easements and franchises deemed by the Authority, to be necessary or useful and convenient therefor, (ii) for the purpose of refunding any Initial Project Notes or Additional Project Notes, or (iii) to raise funds to complete any work for which Additional Project Notes were issued for which the Initial Project Notes were issued.



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(b) Any Additional Project Notes shall be issued only after authorization thereof by a Supplemental Project Note Resolution of the Authority adopted prior to their authentication and delivery stating the purpose or purposes for which such Additional Project Notes are being issued, directing the application of the proceeds thereof to such purpose or purposes, directing the execution and authentication thereof, and fixing and determining 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 thereof, the redemption privileges of the Authority, if any, with respect thereto, and other provisions thereof in accordance with the terms of this Project Note Resolution. Upon such authorization, such Additional Project Notes may, upon initial issuance, at one time, or from time to time, be executed by or on behalf of the Authority.

(c) All Additional Project Notes shall be substantially in the form and tenor of Project Notes as provided in this Project Note Resolution, except that, notwithstanding any other provisions, such Project Notes shall be in such principal amounts, shall be of such denominations, shall bear such date, shall bear such designation as to series, numbers or symbols prefixed to their number distinguishing them from each other Project Note, and shall be subject to redemption prior to maturity on such terms and conditions consistent with the provisions of this Project Note Resolution, and may bear interest at such rate or such different or varying rates per annum as may be fixed by the Supplemental Project Note Resolution of the Authority authorizing the issuance of such Additional Project Notes or by such other Supplemental Project Note Resolution of the Authority adopted prior to authentication and delivery of such Additional Project Notes.

(d) After their execution and delivery by the Authority, all Additional Project Notes shall for all purposes hereof be deemed to constitute Notes and shall be entitled to the pledge provided by this Project Note Resolution and shall have equal rank with respect to such pledge with the Initial Project Notes, all Additional Project Notes previously authenticated and delivered shall be entitled to the security and benefit of such pledge and of the provisions of this Project Note Resolution. Notwithstanding anything herein which may be to the contrary, any moneys held under this Project Note Resolution in respect of the defeasance of Project Notes shall be applied solely to the payment of the particular Project Notes defeased.

Conditions Precedent to the Issuance of Project Notes. The Project Notes shall be issued only upon delivery to the purchaser thereof of:

- (a) The approving opinion of bond counsel to the Authority, as to the validity of the Project Notes; and
- (b) Such other documents as the Authority or the purchaser of the Project Notes may reasonably require.

Redemption of Project Notes. The Project Notes shall be subject to redemption by the Authority prior to the stated maturity date in accordance with the provisions of Article VI hereof and upon the terms and conditions set forth in a Supplemental Project Note Resolution of the Authority duly adopted prior to the issuance and delivery of the Project Notes upon original issuance, or as shall be determined by a Certificate of Authority Officer, as the case may be.

Form of Project Notes. Each Project Note shall be substantially in the following form, with such omission, insertions, endorsements or variations as to recitals of fact, as may be required by the circumstances or as may be 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 NOTE]**

\$ \_\_\_\_\_  
**CFLP-2018-1**

\_\_\_\_\_, 2018

**MONMOUTH COUNTY BAYSHORE OUTFALL AUTHORITY**

**NOTE**  
**RELATING TO:**  
**THE CONSTRUCTION FINANCING LOAN PROGRAM**  
**OF THE NEW JERSEY INFRASTRUCTURE BANK**  
**(f/k/a NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST)**

**FOR VALUE RECEIVED, MONMOUTH COUNTY BAYSHORE OUTFALL AUTHORITY**, a county utilities authority, acting as a public body corporate and politic with corporate succession duly created and validly existing pursuant to the laws of the State (as hereinafter defined), including, without limitation, the Borrower Enabling Act (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the **NEW JERSEY INFRASTRUCTURE BANK (f/k/a NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST)**, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Bank”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

This Note is one of a duly authorized issue of notes, each designated as “Construction Financing Loan Program Note,” of the Borrower, limited to the aggregate principal amount of \$3,000,000 and authorized and issued under and pursuant to the Borrower Enabling Act, and under and in accordance with the Borrower Note Resolution (as hereinafter defined). Copies of the Borrower Note Resolution are on file in the office of the Borrower in Belford, New Jersey. Words and terms which are assigned herein as defined terms shall, unless otherwise defined herein, have the meanings which are assigned to such terms in the Borrower Note Resolution.

This Note is a special obligation of the Borrower issued in anticipation of the issuance of permanent bonds by the Borrower; provided however, that the power and the obligation of the Borrower to cause application of funds to the payment of the principal of, redemption premium, if any, or the interest on the Note is subject to the terms and conditions set forth in the Borrower Note Resolution.

Reference to the Borrower Note Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Borrower Enabling Act is made for a description of the nature and the extent of the security for the Note, the funds pledged, the nature, manner and extent of the enforcement of such pledge, the rights and remedies of the holder of the Note with respect thereto, the terms and the conditions upon which the Note is issued and may be issued thereunder and a statement of the rights, duties, immunities and obligations of the Borrower.

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

This Note is transferable, as provided in the Borrower Note Resolution, only upon the registration books of the Borrower kept for that purpose at the administrative offices of the Borrower (the “Registrar”), as registrar under the Borrower Note Resolution, or its successor as Registrar, by the registered owner hereof in person or by his attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney, and thereupon the Borrower shall issue in the name of the transferee a new registered Note of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered note as provided in the Borrower Note Resolution and upon payment of the charges therein prescribed. The Borrower, the Registrar

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and any paying agent of the Borrower may treat and consider the person in whose name this Note is registered as the holder and absolute owner of this Note for the purpose of receiving payment of the principal of, redemption premium, if any, and interest on this Note and for all other purposes whatsoever.

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

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

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

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

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

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

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

**“Bank Portion”** means, on any date, an amount equal to the aggregate of (i) twenty-five percent (25%) of the Principal of the Loan on such date, exclusive of that portion of the Principal of the Loan that is allocable to the NJDEP Loan Origination Fee, plus (ii) one hundred percent (100%) of that portion of the Principal of the Loan that is allocable to the NJDEP Loan Origination Fee.

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

**“Borrower Note Resolution”** means the resolution of the Borrower entitled “RESOLUTION AUTHORIZING THE ISSUANCE OF PROJECT NOTES OF THE MONMOUTH COUNTY BAYSHORE OUTFALL AUTHORITY IN CONNECTION WITH THE CONSTRUCTION FINANCING LOAN PROGRAM OF THE NEW JERSEY INFRASTRUCTURE BANK (F/K/A NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST)”, adopted on February 5, 2018, as amended and supplemented from time to time, pursuant to which this Note has been issued.

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

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

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

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

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

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

**“Fund Portion”** means, on any date, an amount equal to seventy-five percent (75%) of the Principal of the Loan on such date, exclusive of that portion of the Principal of the Loan that is allocable to the NJDEP Loan Origination Fee, which NJDEP Loan Origination Fee shall be financed exclusively from the Bank Portion.

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

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

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

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

“**Maturity Date**” means June 30, 2021, or (i) such earlier date as shall be determined by an Authorized Officer of the Bank in his or her sole discretion, which date shall be determined by such Authorized Officer of the Bank to be the date of the closing for the Anticipated Financing Program (subject, in all events, to the rights and remedies of the Bank pursuant to, respectively, the provisions of Section 6 hereof and the provisions of Section 7 hereof in furtherance of the enforcement by the Bank of all covenants obligations of the Borrower hereunder, including, without limitation and in particular, the covenant obligation of the Borrower set forth in Section 3(a) hereof), or (ii) such later date (subject to the then-applicable limits of the Act) to be determined by an Authorized Officer of the Bank in his or her sole discretion, pursuant to a written certification thereof, as acknowledged and approved by an Authorized Officer of the Borrower.

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

“**NJDEP Loan Origination Fee**” means the “NJDEP Fee” as referenced and defined in Exhibit B hereto, which NJDEP Fee is an administrative fee that is payable by the Borrower to the NJDEP as a portion of the Cost of the Project that has been incurred by the Borrower for engineering and environmental services provided to the Borrower by the NJDEP.

“**Pledged Property**” means “Pledged Property” as defined in the Borrower Note Resolution.

“**Principal**” means the principal amount of the Loan, at any time being the lesser of (i) Three Million Dollars (\$3,000,000), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Bank pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Bank (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan pursuant to the terms of this Note, on the date of such optional prepayment or acceleration, as the case may be.

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

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

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

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

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

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and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Bank shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Bank of a Loan Disbursement Requisition and the approval of such Loan Disbursement Requisition by an Authorized Officer of the Bank or designee thereof, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Bank on the table attached as Exhibit A-2 hereto; provided, however, that no Loan Disbursement Requisition shall be approved by the Bank for disbursement unless and until the portion of the Project to which such Loan Disbursement Requisition relates has been certified for funding by the NJDEP. It is expected that the proceeds of the Loan will be disbursed to the Borrower in accordance with Exhibit C hereto, as Exhibit C shall be supplemented by an Authorized Officer of the Bank by means of either a substitute Exhibit C or an additional Exhibit C, such supplement to be implemented concurrently with the supplement to Exhibit A-1 hereto (as provided in the definition of "Project" as set forth herein). The latest date upon which the Borrower may submit to the Bank a Loan Disbursement Requisition is the business day immediately preceding the date fixed by the Bank for the sale of its bonds in connection with the Anticipated Financing Program, or such alternative date as shall be identified by the Bank for the Borrower in writing. On the Maturity Date, the Borrower shall repay the Loan to the Bank in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Bank. Each payment made to the Bank shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if any, fourth, any late charges, and, finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Bank later than the Maturity Date, a late fee shall be payable to the Bank in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law. Notwithstanding the provisions of this Section 4 to the contrary, the Borrower hereby acknowledges and agrees that, on the date of issuance of this Note, a disbursement shall be made and shall be recorded by an Authorized Officer of the Bank on the table attached as Exhibit A-2 hereto in the amount recorded thereon. Such disbursement shall be made for the purpose of funding fifty percent (50%) of the NJDEP Loan Origination Fee. Such disbursement shall be paid by the Bank on behalf of the Borrower directly to the NJDEP in satisfaction of the provisions hereof.

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

**SECTION 5. Unconditional Obligations.** The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or



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otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Bank to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Bank or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

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

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

**SECTION 8. Certain Miscellaneous Provisions.** The Borrower hereby acknowledges and agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or

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certified mail, postage prepaid, to the Borrower at the following address: Monmouth County Bayshore Outfall Authority, 200 Harbor Way, Belford, New Jersey 07718, Attention: Chairman; and to the Bank at the following address: New Jersey Infrastructure Bank, 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey 08648-2201, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Bank shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Bank; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Bank, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Bank pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Bank in its sole and absolute discretion.

This Note is subject to redemption prior to its stated maturity.

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

THE BORROWER IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PREMIUM OF, OR INTEREST THEREON, SOLELY FROM THE PLEDGED PROPERTY. THE NOTE IS NOT A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE BORROWER) AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE BORROWER). NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY NOR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF PRINCIPAL OR REDEMPTION PREMIUM OF, OR INTEREST ON, THE NOTE. THE BORROWER HAS NO TAXING POWER.

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

**Seconded** by Mr. Sachs and on a roll call the following vote was recorded:

AYES: Aumack, Foley, Knox, Loud-Hayward, Sachs, Scarano, Schoeffling & Smith  
NAYS: None  
ABSENT: Sodon  
ABSTAIN: None

**Approval of Vouchers**

**Resolution offered by Mr. Schoeffling:**

**BE IT RESOLVED** by the Monmouth County Bayshore Outfall Authority that the following bills or items or demands are hereby approved as amended and authorized for payment out of the appropriate funds or accounts established therefore subject to the availability of funds:

**Monmouth County Bayshore Outfall Authority  
List of Operating Vouchers – February 5, 2018**

<u>No.</u>	<u>Check #</u>	<u>Provider</u>	<u>Amount</u>	<u>Description</u>
1		Comcast	\$304.87	Triple Play Package Belford 1/26-2/25/18
2		Constellation Energy	\$10.25	Sandy Hook 12/21/17-1/19/18
3		JCP&L	\$27.95	Belford Street Lighting 12/21/17-1/19/18
4		JCP&L	\$3,593.15	Belford 12/5-1/4/18
5		JCP&L	\$7,550.22	Union Beach 11/30-12/29/17
6		NJAWC	\$134.81	Belford 12/23/17-1/22/18
7		NJAWC	\$48.78	Union Beach 12/29/17-1/23/18
8		NJAWC	\$134.81	Belford 11/23/17-12/22/17
9		ADP	\$73.15	Payroll services 1/11/18
10		ADP	\$60.86	Payroll services 1/26/18
11		AEA	\$3,200.00	Annual Dues
12		AT&T	\$108.60	Foreman's cellular phone 1/5-2/4/18
13		Collins,Vella & Casello,LLC	\$1,545.00	January general services
14		Collins,Vella & Casello, LLC	\$320.00	Force Main Evaluation
15		Garden State Labs, Inc.	\$3,931.00	Outside Lab Services- December 2017
16		Grainger	\$230.40	Charts
17		Hach	\$158.00	Service contract for Colorimeter
18		Industrial Controls	\$1,970.58	Valve, repair kit and mercoid switch
19		Jaspan Brothers Hardware	\$153.90	Heater, clock, ice melt, bulbs
20		Mission Communications	\$1,126.80	Annual SCADA service
21		Noveda	\$1,615.00	Solar monitoring 1/1/2018-12/31/2018
22		One Call Concepts	\$138.75	One call notices for December
23		R&D Cleaning	\$400.00	Repair & paint pick-up truck door
24		Rutgers	\$550.00	NJDEP UST Training- Tuberton & Mannarino
25		Sakoutis Brothers Disposal	\$70.00	Monthly trash pick-up – February
26		Staples	\$126.77	Printer ink & print scanning
27		T&M Engineering	\$3,058.00	January general services
28		T&M Engineering	\$276.00	NJEIT Planning for force main
29		The Bank of New York	\$1,650.00	Annual Administration Fee – 2011 Bond
30		TOMSA	\$75.00	1 <sup>st</sup> Quarter sewer
31		W.B. Mason	\$101.97	Copy paper, pens & ink
32		Zeek's Tees	\$588.00	Uniform shirts & sweatshirts
		<b>TOTAL</b>	<b><u>\$33,332.62</u></b>	

**Fringe benefits and payroll processed after the January Operating Vouchers  
were submitted for review and approval at the Authority Regular Meeting of 1/08/18**

<u>Date</u>	<u>Check No.</u>	<u>To</u>	<u>Amount</u>	<u>Description</u>
01/12/18	ADP	Employee's Payroll & Payroll Taxes	\$20,243.93	Payroll of 01/12/18
01/26/18	ADP	Employee's Payroll & Payroll Taxes	\$16,378.00	Payroll of 01/26/18
01/19/18	5795	Chase	\$ 668.64	Procurement card Purchases
01/12/18	TEPS	NJSHBP	\$16,624.66	Jan. Health & dental Ins.

**Seconded by** Mr. Scarano and on a roll call the following vote was recorded:

AYES: Aumack, Foley, Knox, Loud-Hayward, Sachs, Scarano, Schoeffling & Smith  
NAYS: None  
ABSENT: Sodon  
ABSTAIN: None

**Public Portion**

The chairman opened the Meeting to the public. There being no one appearing to be heard, the chairman declared the public portion of the Meeting closed to the public.

**Adjournment**

There being no further business to come before the Meeting, on **Motion by Mr. Aumack, Seconded by Mr. Knox** and passed by the affirmative voice voter of all members present no nays, no abstain, one absent the Meeting adjourned at 7:45 p.m.

Respectfully submitted by:

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Barbara Vilanova  
Recording Secretary