

Resolution 17-65

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$300,000 SUBORDINATE BONDS (SERIES 2017) OF THE WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY AND PROVIDING FOR THEIR SALE TO THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AND THE STATE OF NEW JERSEY AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN AGREEMENTS IN CONNECTION THEREWITH.

WHEREAS, The Wanaque Valley Regional Sewerage Authority (the “Authority”), a public body corporate and politic of the State of New Jersey (the “State”), has determined that there exists a need to acquire, construct, renovate, install or refinance the Project (the “Project”), as described herein and as further defined in each of that certain Loan Agreement (the “Trust Loan Agreement”) to be entered into by and between the Authority and the New Jersey Environmental Infrastructure Trust (the “Trust”) and that certain Loan Agreement (the “Fund Loan Agreement” and, together with the Trust Loan Agreement, the “Loan Agreements”) to be entered into by and between the Authority and the State acting by and through the New Jersey Department of Environmental Protection all pursuant to the New Jersey Environmental Infrastructure Trust Financing Program (the “Program”); and

WHEREAS, the Authority has determined to finance or refinance the acquisition, construction, renovation or installation of the Project with the proceeds of a loan to be made by each of the Trust (the “Trust Loan”) and the State (the “Fund Loan” and, together with the Trust Loan, the “Loans”) pursuant to the Trust Loan Agreement and the Fund Loan Agreement, respectively; and

WHEREAS, to evidence the Loans, each of the Trust and the State require the Authority to authorize, execute, attest and deliver the Authority’s Subordinate Bond (Series 2017A) to the State (the “State Loan Bond”) and Subordinate Bond (Series 2017B) to the Trust (the “Trust Loan Bond” and, together with the State Loan Bond, the “Authority Subordinate Bonds”) pursuant to the terms of the Sewerage Authorities Law of the State, constituting Chapter 14A of Title 40 of the Revised Statutes of the State (the “Sewerage Authorities Law”), other applicable law and the Loan Agreements; and

WHEREAS, the Trust and the State have expressed their desire to close in escrow the making of one or more of the Loans, the issuance of one or more of the Authority Subordinate Bonds and the execution and delivery of one or more of the Loan Agreements, all pursuant to the terms of an Escrow Agreement (the “Escrow Agreement”) to be entered into by and among the Trust, the State, the escrow agent named therein and the Authority; and

WHEREAS, N.J.S.A. §40:14A-12 of the Sewerage Authorities Law allows for the sale of the Trust Loan Bond and the Fund Loan Bond to the Trust and the State, respectively, without any public offering, and N.J.S.A. §58:11B-9(a) allows for the sale of the Trust Loan Bond to the Trust without any public offering, all under the terms and conditions set forth in the following resolution; and

WHEREAS, the Authority has heretofore issued revenue bonds pursuant to a resolution of the Authority adopted on August 26, 1987, entitled: “Resolution Providing for the Issuance of Bonds of The Wanaque Valley Regional Sewerage Authority and for the Rights of the Holders Thereof, and Authorizing \$12,750,000 Principal Amount Thereof”, as amended and supplemented (the “General Bond Resolution”), whereunder, all the Revenues of the Authority, as defined and provided for therein, have been pledged to the payment of the principal of, redemption price, if any, and interest on any revenue bonds heretofore or hereafter issued by the Authority under the General Bond Resolution (the “Revenue Bonds”), to the extent and in the manner provided in the General Bond Resolution; and

WHEREAS, the provisions of Section 613 of the General Bond Resolution authorize the Authority to issue subordinate bonds payable out of the General Fund created and established by the General Bond Resolution, all in accordance with and upon the terms and conditions set forth in the General Bond Resolution and, in particular, Section 512 thereof; and

WHEREAS, any and all bonds and other obligations of the Authority, including the Authority Subordinate Bonds, benefit from the provisions of the Service Contract (as defined in the General Bond Resolution); and

WHEREAS, Section 202 of the Service Contract provides that certain conditions be satisfied prior to the Authority constructing any enlargement or extension of the System (as defined in the Service Contract); and

WHEREAS, the Project (as defined herein and as described in Section 1 hereof) is not an enlargement or extension of the System (as defined in the Service Contract); and

WHEREAS, the Authority is desirous of authorizing the issuance of the Authority Subordinate Bonds as subordinate bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY, and the members or commissioners thereof, **AS FOLLOWS:**

Section 1. Determination to Undertake the Project. The Authority does hereby determine to undertake the Project which shall consist of the improvement of the Authority’s System (as defined in the General Bond Resolution), including by: the improvements and upgrades to pumps and the control system and the installation of (i) new gas generators, (ii) mechanical aerators and drivers, (iii) a rotary drum sludge thickening system, (iv) non-potable water pumps, dilution pumps and drives and (v) mixers for sludge holding tanks; the upgrade of three (3) influent pumps and drives and; the upgrade of the discharge channel ultraviolet disinfection system, together with all necessary and incidental equipment, apparatus,

structures and appurtenances and all personal property necessary or desirable for the efficient construction and operation of such facilities, all as shown on and in accordance with the plans and specifications therefor on file or to be filed in the office of the Authority, as such plans and specifications may be amended or modified from time to time.

Section 2. Estimated Cost of the Project. The estimated maximum cost of the Project, as defined in the Sewerage Authorities Law, is \$5,700,000.

Section 3. Authorization of Authority Subordinate Bonds. In accordance with Section 11 of the Sewerage Authorities Law and subject to and pursuant to the provisions of this resolution, bonds of the Authority (herein referred to as the Authority Subordinate Bonds) are hereby authorized to be issued in the principal amount not to exceed \$300,000 for the purpose of raising funds to pay the costs of the Project, including the funding of any required or desirable reserves, capitalized interest and costs of issuance. The Authority has heretofore authorized the issuance of \$5,400,000 subordinate bonds for purposes of financing costs of the Project.

Section 4. Payment of Authority Subordinate Bonds. The Authority does hereby determine that the Authority Subordinate Bonds shall be and constitute subordinate bonds, and shall be payable from amounts in the General Fund established and created by the General Bond Resolution in the manner and upon the terms and conditions set forth in the General Bond Resolution and this resolution.

Section 5. Award of Authority Subordinate Bonds. In accordance with N.J.S.A. §40:14A-12 of the Sewerage Authorities Law and N.J.S.A. §58:11B-9(a), the Authority hereby sells and awards its (a) Trust Loan Bond to the Trust in accordance with the provisions of this resolution and (b) Fund Loan Bond to the State in accordance with the provisions of this resolution.

Section 6. Basic Terms of Authority Subordinate Bonds; Delegation of Power to Make Certain Determinations. The chairman or vice chairman of the Authority (the “Chairman”) or the Executive Director or the Interim Executive Director (the “Executive Director”) of the Authority is hereby authorized to determine, in accordance with the Sewerage Authorities Law and pursuant to the terms and conditions established by the Trust and the State under the Loan Agreements and the terms and conditions of this resolution, the following items with respect to the Trust Loan Bond and the Fund Loan Bond:

- (a) The aggregate principal amount of the Trust Loan Bond to be issued and the aggregate principal amount of the Fund Loan Bond to be issued, which amounts in the aggregate shall not exceed \$300,000;
- (b) The maturity or maturities and annual principal installments of the Authority Subordinate Bonds, which maturity or maturities shall not exceed twenty (20) years;
- (c) The date or dates of the Authority Subordinate Bonds;

- (d) The interest rates of the Authority Subordinate Bonds, provided that the effective cost of the Trust Loan Bond does not exceed eight per centum (8%) and that the interest rate on the Fund Loan Bond is zero per centum (0%);
- (e) The purchase price for the Authority Subordinate Bonds;
- (f) The terms and conditions under which the Authority Subordinate Bonds shall be subject to redemption prior to their stated maturities; and
- (g) Such other matters with respect to the Authority Subordinate Bonds as may be necessary, desirable or convenient in connection with the sale, issuance and delivery thereof, including (1) adjusting the title of the Authority Subordinate Bonds to reflect the issuance thereof in a calendar year other than 2017, (2) issuing each Authority Subordinate Bond in the form of multiple subordinate bonds from time to time if the Project is funded in more than one installment by the Program and (3) combining the issuance of the Authority Bonds with the issuance of other bonds of the Authority authorized or to be authorized to be issued for the Project or for other purposes.

Section 7. Determinations Conclusive. Any determination made by the Chairman or the Executive Director pursuant to the terms of this resolution shall be conclusively evidenced by the execution and attestation of the Authority Subordinate Bonds by the parties authorized under Section 8(c) of this resolution.

Section 8. Further Terms of Authority Subordinate Bonds. The Authority hereby determines that certain terms of the Authority Subordinate Bonds shall be as follows:

- (a) The Fund Loan Bond shall be issued in a single denomination and shall be numbered RA-1, or as may otherwise be determined by the Chairman or the Executive Director. The Trust Loan Bond shall be issued in a single denomination and shall be numbered RB-1, or as may otherwise be determined by the Chairman or the Executive Director;
- (b) The Authority Subordinate Bonds shall be issued in fully registered form (convertible to bearer as therein provided) and shall (unless converted to bearer) be payable to the registered owners thereof as to both principal and interest in lawful money of the United States of America;
- (c) The Authority Subordinate Bonds shall be executed by the manual or facsimile signature of the Chairman, and the Secretary or the Assistant Secretary of the Authority (the "Secretary"), by manual signature, shall attest to the execution of the Authority Subordinate Bonds and shall affix, imprint, engrave or reproduce thereon the corporate seal of the Authority; and

- (d) In order to distinguish the Authority Subordinate Bonds from other bonds of the Authority, the Authority Subordinate Bonds shall have such letters and/or numbers incorporated in their titles as shall be determined by the Chairman or the Executive Director.

Section 9. Forms of Authority Subordinate Bonds. The Fund Loan Bond and the Trust Loan Bond shall be substantially in the forms set forth in Exhibit A and Exhibit B hereto, respectively, with such changes, insertions and omissions as may be approved by the Chairman, such approval to be evidenced by the signature of the Chairman on the Authority Subordinate Bonds.

Section 10. Authorized Parties. The law firm of Hawkins Delafield & Wood LLP, bond counsel to the Authority, is hereby authorized to arrange for the printing of the Authority Subordinate Bonds, which law firm may authorize McCarter & English, LLP, bond counsel to the Trust and the State for the Program, to arrange for same. The Authority auditor and financial advisor are hereby authorized, if necessary, to prepare the financial information, if any, necessary in connection with the issuance of the Authority Subordinate Bonds. The Chairman, the Treasurer, the Executive Director and the Secretary (collectively, the “Authorized Authority Officers”) are hereby severally authorized to execute any certificates necessary or desirable in connection with the financial and other information.

Section 11. Report to the Authority. The Authorized Authority Officers are hereby directed to report in writing to the Authority at the meeting of the Authority next following the closing with respect to the Authority Subordinate Bonds as to the terms of the Authority Subordinate Bonds authorized to be determined by the Authorized Authority Officers pursuant to and in accordance with the provisions of this resolution.

Section 12. Delivery of Authority Subordinate Bonds. Each Authorized Authority Officer is hereby authorized to execute any certificate or document necessary or desirable in connection with the sale of the Authority Subordinate Bonds and is hereby further authorized to deliver same to the Trust and the State upon delivery of the Authority Subordinate Bonds and the receipt of payment therefor in accordance with the Loan Agreements.

Section 13. Execution of Agreements. The Trust Loan Agreement, the Fund Loan Agreement and the Escrow Agreement (collectively, the “Financing Documents”) are hereby authorized to be manually executed and delivered on behalf of the Authority by the Chairman in substantially the forms required and traditionally used by the Trust and the State (which forms are available from the Trust and the State), with such changes as the Chairman, in his or her sole discretion, after consultation with counsel, bond counsel and any other advisors to the Authority (the “Authority Consultants”) and after further consultation with the Trust, the State and their representatives, agents, counsel and advisors (collectively, the “Program Consultants” and, together with the Authority Consultants, the “Consultants”), shall determine, such determination to be conclusively evidenced by the execution of each such Financing Document by the Chairman. The Secretary is hereby authorized, if necessary, to attest by manual signature to the execution of the Financing Documents by the Chairman and to affix, imprint, engrave or reproduce the corporate seal of the Authority to such Financing Documents.

Section 14. Authorized Actions. The Authorized Authority Officers are hereby further severally authorized to (i) manually execute and deliver and the Secretary is hereby further authorized to attest by manual signature to such execution and to affix, imprint, engrave or reproduce the corporate seal of the Authority to any document, instrument or closing certificate deemed necessary, desirable or convenient by the Authorized Authority Officers or the Secretary, as applicable, in their respective sole discretion, after consultation with the Consultants, to be executed in connection with the execution and delivery of the Financing Documents and the Authority Subordinate Bonds and the consummation of the transactions contemplated thereby, which determination shall be conclusively evidenced by the execution of each such document, instrument or closing certificate by the party authorized under this resolution to execute such document, instrument or closing certificate and (ii) perform such other actions as the Authorized Authority Officers deem necessary, desirable or convenient in relation to the execution and delivery thereof.

Section 15. Subordinate Nature of Authority Subordinate Bonds. (A) In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the Authority or to its property, or in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Authority, whether or not involving insolvency or bankruptcy, the holders of all Revenue Bonds shall be entitled to receive payment in full of all payments on such Revenue Bonds before the holders of all outstanding Authority Subordinate Bonds are entitled to receive any payment from the Revenues (as defined in the General Bond Resolution).

(B) In the event that any of the Authority Subordinate Bonds are declared due and payable before their expressed maturity because of the occurrence of a default (under circumstances when the provisions of (A) above shall not be applicable), the holders of all Revenue Bonds at such time outstanding shall be entitled to receive payment in full of all payments then due on such Revenue Bonds before the holders of such Authority Subordinate Bonds are entitled to receive any accelerated payment from the Revenues of principal or interest upon such Authority Subordinate Bonds. Any event of default with respect to the Authority Subordinate Bonds shall not in itself create the right to declare an event of default with respect to the Revenue Bonds.

(C) If any event of default with respect to the Revenue Bonds shall have occurred and be continuing (under circumstances when the provisions of (A) above shall not be applicable), the holders of all Revenue Bonds then outstanding shall be entitled to receive payment in full of all payments on all such Revenue Bonds before the holders of the Authority Subordinate Bonds are entitled to receive any accelerated payment from the Revenues of principal or interest on such Authority Subordinate Bonds.

(D) No holder of any Revenue Bonds shall be prejudiced in such holder's right to enforce subordination of the Authority Subordinate Bonds by any act or failure to act on the part of the Authority.

(E) The provisions of (A), (B), (C) and (D) above are solely for the purpose of defining the relative rights of the holders of the Revenue Bonds on the one hand and the holders of the Authority Subordinate Bonds on the other hand, and nothing herein shall impair, as

between the Authority and the holders of the Authority Subordinate Bonds, the duty of the Authority, which is unconditional and absolute, to pay to the holders of the Authority Subordinate Bonds, the principal thereon and premium, if any, and interest thereon in accordance with their terms, nor shall anything herein prevent the holders of the Authority Subordinate Bonds from exercising all remedies otherwise permitted by applicable law upon default under the General Bond Resolution, subject to the rights under (A), (B), (C) and (D) above of the holders of the Revenue Bonds to receive cash, property or securities otherwise payable or deliverable to the holders of the Authority Subordinate Bonds.

Section 16. Withdrawals from the General Fund. In accordance with Section 512 of the General Bond Resolution and provided that the amount in every account or fund created and established by the General Bond Resolution, including the Bond Service Fund, the Sinking Fund, the Bond Reserve Fund and the Renewal and Replacement Fund, equals or exceeds the amount required to be therein and that the Authority is not in default in the payment of the principal of or interest on or redemption price of any Revenue Bonds, the trustee under the General Bond Resolution is hereby authorized and directed to withdraw from the General Fund from time to time amounts necessary to satisfy the debt service payments with respect to the Authority Subordinate Bonds.

Section 17. Covenant to Pay Authority Subordinate Bonds. The Authority hereby particularly covenants and agrees with the holders of the Authority Subordinate Bonds and makes provisions which shall be a part of its contract with such holders, that the Authority will pay or cause to be paid the principal of every Authority Subordinate Bond and the interest thereon at the date and place and in the manner mentioned in such Authority Subordinate Bond according to the true intent and meaning thereof and will carry out and perform all of the acts and things required of it by the terms of this resolution.

Section 18. Resolution Constitutes Contract. In consideration of the purchase and acceptance of the Authority Subordinate Bonds by those who shall hold the same from time to time, the provisions of this resolution shall be deemed to be and shall constitute contracts between the Authority and the holders from time to time of the Authority Subordinate Bonds.

Section 19. No Recourse. No recourse shall be had for the payment of the principal or redemption price, if any, of or the interest on the Authority Subordinate Bonds or for any claim based thereon or on this resolution against any member or other officer of the Authority or any person executing the Authority Subordinate Bonds. The Authority Subordinate Bonds are not and shall not be in any way a debt or liability of the State or of any county or municipality, and do not and shall not create or constitute any indebtedness, liability or obligation of the State or of any county or municipality, either legal, moral or otherwise.

Section 20. Authorization for Resolution. This resolution is adopted by virtue of the Sewerage Authorities Law and pursuant to its provisions, and the Authority has ascertained and hereby determines that adoption of this resolution is necessary to carry out the powers, purposes and duties expressly provided in the Sewerage Authorities Law and that each and every matter and thing as to which provision is made in this resolution is necessary in order to carry out and effectuate the purposes of the Authority in accordance with the Sewerage Authorities Law.

Section 21. Interim Financing. In anticipation of the issuance of the Authority Subordinate Bonds, the Authority hereby authorizes, if necessary or desirable, the issuance, sale and award of an interim project note (the “Interim Authority Project Note”) pursuant to the Trust’s Interim Financing Program. The Interim Authority Project Note shall be substantially in the form provided by the Trust in the Interim Financing Program’s loan agreement. The execution and delivery of the Interim Authority Project Note shall be in the same manner as herein prescribed with respect to the Authority Subordinate Bonds. An Authorized Authority Officer is hereby authorized to determine, pursuant to the terms and conditions established by the Trust and the State under the Interim Financing Program’s loan agreement and the terms and conditions of this resolution, the following items with respect to the Interim Authority Project Note: (a) the aggregate principal amount of the Interim Authority Project Note to be issued, which amount shall not exceed \$300,000; (b) the maturity of the Interim Authority Project Note, which shall be no later than one year after the date of issuance thereof; (c) the date of the Interim Authority Project Note; (d) the interest rate of the Interim Authority Project Note, which shall not exceed 2% per annum; (e) the purchase price for the Interim Authority Project Note; and (f) such other matters with respect to the Interim Authority Project Note as may be necessary, desirable or convenient in connection with the sale, issuance and delivery thereof. The Authorized Authority Officers are hereby further severally authorized to manually execute and deliver and the Secretary is hereby further authorized to attest by manual signature to such execution and to affix, imprint, engrave or reproduce the corporate seal of the Authority to any document, instrument or closing certificate deemed necessary, desirable or convenient by the Authorized Authority Officers or the Secretary, as applicable, in their respective sole discretion, after consultation with the Consultants, to be executed in connection with the execution and delivery of the Interim Authority Project Note and the consummation of the transactions contemplated thereby, which determination shall be conclusively evidenced by the execution of each such document, instrument or closing certificate by the party authorized under this resolution to execute such document, instrument or closing certificate.

Section 22. Filing of Resolution. The Secretary is hereby authorized and directed to cause copies of this resolution to be filed for public inspection in the following places: in the office of the Borough Clerk of the Borough of Wanaque; in the office of the Township Clerk of the Township of West Milford; in the office of the Borough Clerk of the Borough of Ringwood; and in the office of the Authority, 101 Warren Hagstrom Boulevard, Wanaque, New Jersey.

Section 23. Publication of Notice. The Secretary is hereby authorized and directed to cause to be published, after completion of filing of copies of this resolution as directed in the preceding Section, in “The Record”, a legally qualified public newspaper circulating in the district of the Authority, a notice in substantially the form attached as Exhibit C hereto and by this reference incorporated as if set forth in full herein.

Section 24. Multiple Document Sets. Notwithstanding any other provision of this resolution to the contrary, if in connection with the participation of the Authority in the Program, the State and the Trust require that the Authority execute more than one set of documents, the provisions of this resolution shall be deemed to apply to the Authority Subordinate Bonds and the Financing Documents related to each set of documents; provided, however, that in no event may the aggregate principal amount of all Authority Subordinate

Bonds issued and delivered pursuant to the provisions of this resolution be in excess of the amount authorized in Section 3 hereof.

Section 25. Capitalized Terms. All capitalized words and terms used but not defined in this resolution shall have the meanings ascribed to such words and terms, respectively, in the preambles to this resolution

Section 26. Effective Date. This resolution shall take effect immediately.

Adopted: September 19, 2017

EXHIBIT A

Form of Fund Loan Bond

THE WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY
SUBORDINATE BOND (SERIES 2017A)

No. RA-1

Principal Amount: \$_____

Dated Date: November __, 2017

THE WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY (the “Authority”), a public body corporate and politic organized and existing under and by virtue of the laws of the State of New Jersey (the “State”), acknowledges itself indebted and for value received hereby promises to pay to the order of the State the principal amount stated above, or such lesser amount as shall be determined in accordance with Section 3.01 of the loan agreement dated as of November 1, 2017 by and between the State, acting by and through the New Jersey Department of Environmental Protection and the Authority (the “Loan Agreement”), at the times and in the amounts determined as provided in the Loan Agreement, plus any other amounts due and owing under the Loan Agreement at the times and in the amounts as provided therein. The Borrower irrevocably pledges its full faith and credit for the punctual payment of the principal of, and all other amounts due under, this bond and the Loan Agreement according to their respective terms.

This bond is issued in consideration of the loan made under the Loan Agreement (the “Loan”) to evidence the payment obligations of the Authority set forth in the Loan Agreement. Payments under this bond shall, except as otherwise provided in the Loan Agreement, be made directly to the Trustee (as defined in the Loan Agreement) for the account of the State. This bond is subject to assignment or endorsement in accordance with the terms of the Loan Agreement. All of the terms, conditions and provisions of the Loan Agreement are, by this reference thereto, incorporated herein as part of this bond.

Pursuant to the Loan Agreement, disbursements shall be made by the State to the Authority upon the receipt by the State of requisitions from the Authority executed and delivered in accordance with the requirements set forth in Section 3.02 of the Loan Agreement.

This bond is entitled to the benefits and is subject to the conditions of the Loan Agreement. The obligations of the Authority to make the payments required hereunder shall be absolute and unconditional, without any defense or right of setoff, counterclaim or recoupment by reason of any default by the State under the Loan Agreement or under any other agreement between the Authority and the State or out of any indebtedness or liability at any time owing to the Authority by the State or for any other reason.

This bond is subject to optional prepayment under the terms and conditions, and in the amounts, provided in Section 3.07 of the Loan Agreement. To the extent allowed by applicable law and the Subordinate Resolution (as hereinafter defined), this bond may be subject

to acceleration under the terms and conditions, and in the amounts, provided in Section 5.03 of the Loan Agreement.

The Authority acknowledges that payments made hereunder may be used by the Trustee referred to above to satisfy loan repayments then due and payable on the Authority's Trust Loan (as defined in the Loan Agreement).

This bond is a direct and general obligation of the Authority and is one of the subordinate bonds of the Authority issued or to be issued under and by virtue of the Sewerage Authorities Law, constituting Chapter 138 of the Pamphlet Laws of 1946, of the State of New Jersey, approved April 23, 1946, and the acts amendatory thereof and supplemental thereto (collectively, the "Act"), and under and pursuant to a resolution of the Authority adopted September 19, 2017 and entitled: "Resolution Authorizing the Issuance of Not Exceeding \$300,000 Subordinate Bonds (Series 2017) of The Wanaque Valley Regional Sewerage Authority and Providing for Their Sale to the New Jersey Environmental Infrastructure Trust and the State of New Jersey and Authorizing the Execution and Delivery of Certain Agreements in Connection Therewith" (the "Subordinate Resolution").

Pursuant to the Act, the Authority has heretofore authorized and issued and has outstanding revenue bonds (the "Revenue Bonds") pursuant to a resolution of the Authority adopted August 26, 1987, entitled: "Resolution Providing for the Issuance of Bonds of The Wanaque Valley Regional Sewerage Authority and for the Rights of the Holders Thereof, and Authorizing \$12,750,000 Principal Amount Thereof", as amended and supplemented (the "General Bond Resolution"), whereunder, all the Revenues of the Authority, as defined and provided for therein, have been pledged to the payment of the principal of, redemption price, if any, and interest on the Revenue Bonds and any additional bonds hereafter issued under the General Bond Resolution, to the extent and in the manner provided in the General Bond Resolution. **This bond is not secured by a pledge of or lien on the Revenues and the indebtedness evidenced hereby is and shall be in all respects subordinate to the provisions of the General Bond Resolution and this bond is not entitled to the benefits of the pledge of Revenues made therein.** This bond is payable from amounts in the General Fund established and created by the General Bond Resolution in the manner and upon the terms and conditions set forth in the General Bond Resolution and the Subordinate Resolution.

Notwithstanding anything to the contrary contained herein, at the request and expense of the registered owner this bond upon presentation at the office of the Authority will be converted into a bond payable to bearer and coupon in form by the preparation and substitution of a new bond, signed or executed by such of its officers then in office as the Authority shall designate and of the same tenor as this bond at the time of its issuance, with coupons annexed for interest, if any, thereafter payable on this bond until its maturity.

The Act provides that neither the members of the Authority nor any person executing bonds of the Authority shall be liable personally on said bonds by reason of the issuance thereof.

This bond is not and shall not be in any way a debt or liability of the State or of any county or municipality and does not and shall not create or constitute any indebtedness,

liability or obligation of the State or of any county or municipality, either legal, moral or otherwise.

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

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IN WITNESS WHEREOF, THE WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman or Vice Chairman, and its corporate seal to be affixed, imprinted or reproduced hereon and attested by the manual signature of its Secretary or Assistant Secretary, all as of the Dated Date hereinabove mentioned.

**THE WANAQUE VALLEY
REGIONAL SEWERAGE AUTHORITY**

(SEAL)

ATTEST:

By: _____

Frank Covelli
Chairman

Michael Sesta
Secretary

EXHIBIT B

Form of Trust Loan Bond

THE WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY
SUBORDINATE BOND (SERIES 2017B)

No. RB-1

Principal Amount: \$_____

Dated Date: November __, 2017

THE WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY (the “Authority”), a public body corporate and politic organized and existing under and by virtue of the laws of the State of New Jersey (the “State”), acknowledges itself indebted and for value received hereby promises to pay to the New Jersey Environmental Infrastructure Trust (the “Trust”) (i) the principal amount stated above, or such lesser amount as shall be determined in accordance with Section 3.01 of the loan agreement dated as of November 1, 2017 by and between the Trust and the Authority (the “Loan Agreement”), at the times and in the amounts determined as provided in the Loan Agreement, (ii) interest on the Loan constituting the Interest Portion, the Administrative Fee (as such terms are defined in the Loan Agreement) and any late charges incurred under the Loan Agreement in the amount calculated as provided in the Loan Agreement, payable on the days and in the amounts and as provided in the Loan Agreement, which principal amount and Interest Portion of the Interest on the Loan shall, unless otherwise provided in the Loan Agreement, be payable on the days and in the amounts as also set forth in Exhibit A attached hereto under the column headings respectively entitled “Principal” and “Interest”, plus (iii) any other amounts due and owing under the Loan Agreement at the times and in the amounts as provided therein. The Borrower irrevocably pledges its full faith and credit for the punctual payment of the principal of and the Interest on this bond and for the punctual payment of all other amounts due under this bond and the Loan Agreement according to their respective terms.

This bond is issued in consideration of the loan made under the Loan Agreement (the “Loan”) to evidence the payment obligations of the Authority set forth in the Loan Agreement. This bond has been assigned to U.S. Bank National Association, as trustee (the “Trustee”) under the “Environmental Infrastructure Bond Resolution, Series 2017A” adopted by the Trust on _____, 2017, as the same may be amended and supplemented in accordance with the terms thereof (the “Trust Bond Resolution”), and payments hereunder shall, except as otherwise provided in the Loan Agreement, be made directly to the Trustee for the account of the Trust pursuant to such assignment. Such assignment has been made as security for the payment of the Trust Bonds (as defined in the Loan Agreement) issued to finance or refinance the Loan and as otherwise described in the Loan Agreement. This bond is subject to further assignment or endorsement in accordance with the terms of the Trust Bond Resolution and the Loan Agreement. All of the terms, conditions and provisions of the Loan Agreement are, by this reference thereto, incorporated herein as part of this bond.

Pursuant to the Loan Agreement, disbursements shall be made by the Trustee to the Authority, in accordance with written instructions of the Trust, upon receipt by the Trust and the Trustee of requisitions from the Authority executed and delivered in accordance with the requirements set forth in Section 3.02 of the Loan Agreement.

This bond is entitled to the benefits and is subject to the conditions of the Loan Agreement. The obligations of the Authority to make the payments required hereunder shall be absolute and unconditional without any defense or right of setoff, counterclaim or recoupment by reason of any default by the Trust under the Loan Agreement or under any other agreement between the Authority and the Trust or out of any indebtedness or liability at any time owing to the Authority by the Trust or for any other reason.

This bond is subject to optional prepayment under the terms and conditions, and in the amounts, provided in Section 3.07 of the Loan Agreement. To the extent allowed by applicable law and the Subordinate Resolution (as hereinafter defined), this bond may be subject to acceleration under the terms and conditions, and in the amounts, provided in Section 5.03 of the Loan Agreement.

This bond is a direct and general obligation of the Authority and is one of the subordinate bonds of the Authority issued or to be issued under and by virtue of the Sewerage Authorities Law, constituting Chapter 138 of the Pamphlet Laws of 1946, of the State of New Jersey, approved April 23, 1946, and the acts amendatory thereof and supplemental thereto (collectively, the "Act"), and under and pursuant to a resolution of the Authority adopted September 19, 2017 and entitled: "Resolution Authorizing the Issuance of Not Exceeding \$300,000 Subordinate Bonds (Series 2017) of The Wanaque Valley Regional Sewerage Authority and Providing for Their Sale to the New Jersey Environmental Infrastructure Trust and the State of New Jersey and Authorizing the Execution and Delivery of Certain Agreements in Connection Therewith" (the "Subordinate Resolution").

Pursuant to the Act, the Authority has heretofore authorized and issued and has outstanding revenue bonds (the "Revenue Bonds") pursuant to a resolution of the Authority adopted August 26, 1987, entitled: "Resolution Providing for the Issuance of Bonds of The Wanaque Valley Regional Sewerage Authority and for the Rights of the Holders Thereof, and Authorizing \$12,750,000 Principal Amount Thereof", as amended and supplemented (the "General Bond Resolution"), whereunder, all the Revenues of the Authority, as defined and provided for therein, have been pledged to the payment of the principal of, redemption price, if any, and interest on the Revenue Bonds and any additional bonds hereafter issued under the General Bond Resolution, to the extent and in the manner provided in the General Bond Resolution. **This bond is not secured by a pledge of or lien on the Revenues and the indebtedness evidenced hereby is and shall be in all respects subordinate to the provisions of the General Bond Resolution and this bond is not entitled to the benefits of the pledge of Revenues made therein.** This bond is payable from amounts in the General Fund established and created by the General Bond Resolution in the manner and upon the terms and conditions set forth in the General Bond Resolution and the Subordinate Resolution.

Notwithstanding anything to the contrary contained herein, at the request and expense of the registered owner this bond upon presentation at the office of the Authority will be

converted into a bond payable to bearer and coupon in form by the preparation and substitution of a new bond, signed or executed by such of its officers then in office as the Authority shall designate and of the same tenor as this bond at the time of its issuance, with coupons annexed for interest, if any, thereafter payable on this bond until its maturity.

The Act provides that neither the members of the Authority nor any person executing bonds of the Authority shall be liable personally on said bonds by reason of the issuance thereof.

This bond is not and shall not be in any way a debt or liability of the State or of any county or municipality and does not and shall not create or constitute any indebtedness, liability or obligation of the State or of any county or municipality, either legal, moral or otherwise.

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

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

IN WITNESS WHEREOF, THE WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman or Vice Chairman, and its corporate seal to be affixed, imprinted or reproduced hereon and attested by the manual signature of its Secretary or Assistant Secretary, all as of the Dated Date hereinabove mentioned.

**THE WANAQUE VALLEY
REGIONAL SEWERAGE AUTHORITY**

(SEAL)

ATTEST:

By: _____
Frank Covelli
Chairman

Michael Sesta
Secretary

New Jersey Environmental Infrastructure Trust hereby assigns the foregoing bond to U.S. Bank National Association as trustee under the “Environmental Infrastructure Bond Resolution, Series 2017A” adopted on _____, 2017, as amended and supplemented, all as of the date of this bond, as security for the Trust Bonds issued or to be issued under said bond resolution to finance or refinance the Project Fund (as defined in said bond resolution).

**NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST**

(SEAL)

ATTEST:

By: _____

Chairman

Secretary

EXHIBIT C

THE WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY

NOTICE OF ADOPTION OF BOND RESOLUTION

PUBLIC NOTICE is hereby given that a bond resolution entitled: “Resolution Authorizing the Issuance of Not Exceeding \$300,000 Subordinate Bonds (Series 2017) of The Wanaque Valley Regional Sewerage Authority and Providing for Their Sale to the New Jersey Environmental Infrastructure Trust and the State of New Jersey and Authorizing the Execution and Delivery of Certain Agreements in Connection Therewith” (the “Bond Resolution”) was adopted by The Wanaque Valley Regional Sewerage Authority (the “Authority”) on September 19, 2017; that copies of the Bond Resolution have been filed and are available for public inspection in the office of the Borough Clerk of the Borough of Wanaque; in the office of the Township Clerk of the Township of West Milford; in the office of the Borough Clerk of the Borough of Ringwood; and in the office of the Authority, 101 Warren Hagstrom Boulevard, Wanaque, New Jersey and that any action or proceeding of any kind or nature in any court questioning the validity of the creation and establishment of the Authority or the validity or proper authorization of bonds provided for by the Bond Resolution, or the validity of any covenants, agreements or contracts provided for by the Bond Resolution, shall be commenced within twenty (20) days after the first publication of this notice, which was first published this 22nd day of September, 2017.

**THE WANAQUE VALLEY REGIONAL
SEWERAGE AUTHORITY**

By: _____
Michael Siesta
Secretary

CERTIFICATE

I, **MICHAEL SIESTA**, Secretary of The Wanaque Valley Regional Sewerage Authority (the “Authority”), a public body politic and corporate of the State of New Jersey, **HEREBY CERTIFY** that the foregoing resolution entitled: “Resolution Authorizing the Issuance of Not Exceeding \$300,000 Subordinate Bonds (Series 2017) of The Wanaque Valley Regional Sewerage Authority and Providing for Their Sale to the New Jersey Environmental Infrastructure Trust and the State of New Jersey and Authorizing the Execution and Delivery of Certain Agreements in Connection Therewith”, is a true copy of an original resolution which was adopted at a meeting of the Authority which was duly called and held on September 19, 2017, and at which a quorum was present and acted throughout, and that said copy has been compared by me with the original resolution officially recorded in the records of the Authority and that it is a true, correct and complete transcript thereof and of the whole of said resolution, and that said original resolution has not been altered, amended or repealed, but is in the form attached as of the date hereof in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 19th day of September, 2017.

(SEAL)

Michael Siesta
Secretary