

[NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LETTERHEAD]

To: Authority Applicant for Interim Financing 2009 Trust Loan Program

From: Dennis Hart
Executive Director

Date: _____, 2009

Re: Interim Financing 2009 Trust Loan Program

In response to your inquiry regarding participation in the Interim Financing 2009 Trust Loan Program of the New Jersey Environmental Infrastructure Trust (the "Trust"), I am forwarding to you the following material:

- (i) the Financial Addendum Form, attached to which as exhibits you will find
 - (A) the form of Note to be issued by the Applicant to the Trust,
 - (B) the form of Resolution Authorizing the Issuance and Sale of the Note to the Trust, to be adopted by the Applicant, and
 - (C) the form of Reimbursement Resolution, to be adopted by the Applicant;
- (ii) the form of opinion to be rendered to the Trust by bond counsel to the Applicant;
- (iii) the form of Receipt for Note that will be executed by the Trust upon closing; and
- (iv) the form of Loan Disbursement Requisition, pursuant to which the Loan will be disbursed to the Applicant.

In order to proceed with this matter, the Applicant must complete the following: (i) submit the completed Financial Addendum Form, including certified copies of all finally adopted official action referenced therein (including, without limitation, Local Finance Board approval); and (ii) possess pre-award approval from each of the Department of Environmental Protection and the Trust.

As soon as possible, (i) please provide a copy of the enclosed material to bond counsel to the Applicant and (ii) please have bond counsel to the Applicant contact bond counsel to the Trust (Richard T. Nolan, Esq., McCarter & English, LLP, at 973.639.2096). Counsel will need to discuss and coordinate some of the matters discussed herein.

If you have any questions or need any assistance, please do not hesitate to contact our offices. Thank you.

**NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST**

**INTERIM FINANCING
2009**

TRUST LOAN PROGRAM

Authority Applicants

Addendum Form

THE INFORMATION CONTAINED IN THIS DOCUMENT MAY BE USED FOR THE FOLLOWING PURPOSES:

1. Review by the New Jersey Environmental Infrastructure Trust (the "Trust") and its consultants.
2. Evaluation by the Rating Agencies and others concerned with the credit characteristics of the Trust's bonds.

INSTRUCTIONS:

1. To the greatest extent possible, all information is to be completed on this form. Please mark "N/A" (Not Applicable) where appropriate.
2. If additional pages are needed, please clearly mark such pages with the Authority ("Applicant") name, project number and the item number and insert behind the page that contains the original question.
3. If you are unsure how to respond to a particular question, please call Frank Scangarella at the Trust at (609) 219-8600.

DOCUMENT CHECKLIST:

The following documents are to be submitted with each copy of the completed Addendum:

Section I

- _____ 1. Applicant's Contact List (See Section I.B.)
- _____ 2. Signed Affidavit (See Section I.C.)

Section II

- _____ 1. Certified copy of finally adopted General and Series Bond Resolution(s) authorizing (i) the financing of the project, (ii) the participation of the Applicant in the 2009 Trust Financing Program and (iii) the issuance of a Note in connection with the Interim Financing 2009 Trust Loan Program.
- _____ 2. Certified copy of finally adopted Resolution authorizing the issuance and sale of a Note to the Trust in connection with the Interim Financing 2009 Trust Loan Program. (Form attached hereto as Exhibit B).
- _____ 3. Certified Copy of Finally Adopted Reimbursement Resolution. (Form attached hereto as Exhibit C).
- _____ 4. Certified copy of the resolution of the Local Finance Board approving the Note.

**SECTION I.
INTRODUCTION**

A. DISTRIBUTION

Copies of this Addendum should be sent to the following individuals:

Dennis Hart, Executive Director

Mailing Address:

New Jersey Environmental Infrastructure Trust
P.O. Box 440
Trenton, NJ 08625

Location:

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike, Building 6, Suite 201
Lawrenceville, NJ 08648

Phone: (609) 219-8600

Fax: (609) 219-8620

Clifford T. Rones, Esq., Deputy Attorney General (General Counsel)

Division of Law

Financial Section

Hughes Justice Complex, 2nd Floor

Market and New Warren Streets

P.O. Box 112

Trenton, NJ 08625

Phone: (609) 292-1537

Fax: (609) 777-3514

Richard T. Nolan, Esq. (Bond Counsel)

McCarter & English, LLP

Four Gateway Center -15th Floor

100 Mulberry Street

Newark, NJ 07102

Phone: (973) 639-2096

Fax: (973) 624-7070

B. CONTACT LIST

PRIMARY CONTACT PERSON:

Name & Title:

Address:

Telephone No.:

Fax No:

Email Address

BOND COUNSEL:

Name & Firm:

Address:

Telephone No.:

Fax No:

Email Address

GENERAL COUNSEL:

Name & Firm:

Address:

Telephone No.:

Fax No:

E-Mail Address:

ENGINEER:

Name & Title:

Firm:

Address:

Telephone No.:

Fax No:

E-Mail Address:

FINANCIAL ADVISOR

Name & Title:

Firm:

Address:

Telephone No.:

Fax No:

E-Mail Address:

ACCOUNTANT/AUDITOR

Name & Title:

Firm:

Address:

Telephone No.:

Fax No:

E-Mail Address:

C. AFFIDAVIT

I, _____, the undersigned authorized representative of _____, the applicant (the "Applicant") for an interim financing loan (the "Interim Financing Loan") from the New Jersey Environmental Infrastructure Trust (the "Trust"), being duly sworn according to law, upon my oath depose and say that:

1. I have read and reviewed the information contained in this Addendum and in the documents attached to this Addendum.
2. The information contained in this Addendum and the documents attached hereto are true, correct, and complete to the best of my knowledge, information and belief.
3. The documents attached to this Addendum are true, correct, and complete copies of documents contained in the Applicant's files.

By execution of this affidavit, I agree, on behalf of the Applicant, to reimburse the Trust for any expenses incurred by or on behalf of the Trust in connection with the evaluation of the acceptability of any collateral, regardless of whether the Interim Financing Loan is actually made. The Trust will not undertake any expense without the prior notification to the Applicant.

Dated: _____, 2009

By: _____
Name
Title

Sworn to and subscribed
before me this _____ day of,
_____, 2009

By: _____
Name
Title

**SECTION II.
RESOLUTIONS, REPRESENTATIONS AND COVENANTS**

A. FINALLY ADOPTED GENERAL AND SERIES RESOLUTION(S)

Please attach a certified copy of the finally adopted general and series(s) resolution(s) authorizing: (i) the financing of the project, (ii) the participation of the Applicant in the 2009 Trust Financing Program, and (ii) the issuance of the Note in connection with the Interim Financing 2009 Trust Loan Program.

Please list the following information for *each* bond resolution attached in response to the foregoing request:

(a) Date of Final Adoption:

(b) Title of Governing Body Adopting the Resolution:

(c) Title of Resolution:

(d) Maximum principal amount of bonds or notes authorized by resolution:
\$_____.

B. RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A NOTE TO THE TRUST AND THE EXECUTION AND DELIVERY THEREOF TO THE TRUST

Attached as Exhibit B is the form of resolution to be adopted by the Applicant authorizing the issuance and sale of a Note to the Trust evidencing the Interim Financing Loan and authorizing the execution and delivery thereof in connection with the Applicant's participation in the Interim Financing 2009 Trust Loan Program. Please attach a certified copy of the same as finally adopted.

C. REIMBURSEMENT RESOLUTION

Attached as Exhibit C is the form of resolution to be adopted by the Applicant declaring the Applicant's intent to reimburse itself from proceeds of the 2009 Trust Loan issued to the Applicant as part of the 2009 Trust Financing Program for costs incurred and paid for by the Applicant in connection with the project prior to the issuance of the 2009 Trust Loan to the Applicant. Each Applicant must adopt this reimbursement resolution in the form attached hereto PRIOR to (i) its expenditure of any monies (other than monies to pay engineering expenses) for costs of the project and (ii) prior to its participation in the Interim Financing 2009 Trust Loan Program. Please attach a certified copy of the same as finally adopted.

D. LOCAL FINANCE BOARD

Please provide a *certified copy* of the resolution of the Local Finance Board approving the Note to be issued to the Trust. Please also provide a *certified copy* of any other resolution adopted by the Local Finance Board in connection with the Authority's receipt of project financing from the Trust and the State. Also provide a copy of the Group Affidavit of the board members of the Authority recognizing the findings of the Local Finance Board.

E. NOTE

Attached as Exhibit A is the form of Note to be issued and sold by the Applicant to the Trust to evidence the Interim Financing Loan made by the Trust pursuant to the Interim Financing 2009 Trust Loan Program. The Applicant must closely review this form of Note to be sure the Applicant is able to comply with the terms and conditions thereof.

Is the Applicant aware of any facts which would prevent it from being able to comply with the terms and conditions of the Note? Yes____ No____

If yes, please explain.

F. LITIGATION REPRESENTATION

The Applicant will be required to make the following representation:

There are no proceedings pending or, to the knowledge of the Applicant, threatened against or affecting the Applicant that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Applicant, (ii) the ability of the Applicant to satisfy all of its Interim Financing Loan repayment obligations pursuant to the Note, (iii) the authorization, execution, attestation or delivery of the Note, (iv) the issuance of the Note and the sale thereof to the Trust, and (v) the Applicant's ability otherwise to observe and perform its duties, covenants, obligations and agreements pursuant to the Note.

Is the Applicant aware of any facts which would prevent it from being able to make the preceding representation? Yes____ No____

If yes, please explain.

G. COVENANT TO PARTICIPATE IN THE 2009 TRUST FINANCING PROGRAM

The Applicant will be required to make the following covenant:

The Applicant hereby covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Applicant in the 2009 Trust Financing Program and (ii) the qualification by the Applicant for receipt of the 2009 Trust Loan pursuant to the 2009 Trust Financing Program.

Is the Applicant aware of any facts that would prevent it from being able to make the preceding covenant? Yes_____ No_____

If yes, please explain.

H. TAX COVENANT

The Applicant will be required to make the following covenant:

The Applicant acknowledges and agrees that it is the intention of the Applicant to finance its project on a long term basis with proceeds of bonds now or hereinafter issued by the Trust, 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 Applicant covenants that, except to the extent expressly permitted in writing by the Trust, the Applicant will not take any action or permit any action to be taken which would result in any of the proceeds of the Interim Financing 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 Applicant, or (iii) to acquire any “nongovernmental output property” within the meaning of Section 141(d)(2) of the Code. In addition, the Applicant covenants and agrees that no portion of its project will be investment property, within the meaning of Section 148(b) of the Code. The Applicant covenants and agrees that any costs of the Applicant’s project to be paid or reimbursed with proceeds of the Interim Financing Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2.

Is the Applicant aware of any facts which would prevent it from being able to make the preceding covenant? Yes_____ No_____

If yes, please explain.

**SECTION III
PROJECT INFORMATION AND DRAW SCHEDULE**

A. BRIEF DESCRIPTION OF PROJECT

B. ESTIMATED CONSTRUCTION SCHEDULE

- (i) Estimated Construction Start Date: Month: _____; Year: _____
- (ii) Estimated Construction Completion Date: Month: _____; Year: _____

B. ESTIMATED COST OF PROJECT

- (i) Estimated Total Cost of Project: _____
- (ii) Estimated Amount of Interim Financing Loan: _____

C. ESTIMATED DRAW SCHEDULE

The last date on which an Applicant may draw on its Interim Financing Loan is October 21, 2009.

Date: _____
Amount: _____
Purpose: _____

Date: _____
Amount: _____
Purpose: _____

Date: _____
Amount: _____
Purpose: _____

Date: _____
Amount: _____
Purpose: _____

EXHIBIT A
FORM OF NOTE

EXHIBIT B

**FORM OF RESOLUTION DETERMINING
THE FORM AND OTHER DETAILS OF THE NOTE**

EXHIBIT C

**FORM OF RESOLUTION DECLARING
OFFICIAL INTENT TO REIMBURSE**

[NAME OF AUTHORITY]
NOTE
RELATING TO:
THE INTERIM FINANCING 2009 TRUST LOAN PROGRAM
OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

\$ _____, 2009
IFP-08-__

FOR VALUE RECEIVED, _____, a [municipal][county] [utilities][sewerage] 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 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 “Trust”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

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

“**Act**” means the “New Jersey Environmental 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 Trust may determine from time to time.

“**Anticipated Financing Program**” means the financing program of the Trust, pursuant to which the Trust will issue, on or about November 5, 2009, its Trust 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 Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

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

“**Borrower Note Resolution**” means the [resolution][indenture] of the Borrower entitled “[_____]”, adopted on [_____], as amended and supplemented from time to time, pursuant to which this Note has been issued.

“Borrower Enabling Act” means the [“Sewerage Authorities Law”, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (codified at N.J.S.A. 40:14A-1 *et seq.*), as the same may from time to time be amended and supplemented,][the “Municipal and County Utilities Authority 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 the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“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.

“Interest” means the interest charged on the Loan at a rate of 0.00% and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Loan” means the loan of the Principal, made by the Trust 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 New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Local Authority 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 November 5, 2009, or such other date to which the repayment of the Loan shall be extended by the Trust in its sole discretion, which extension by the Trust shall be in connection with a delay in the closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) _____ Dollars (\$ _____), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, 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 Trust is making the Loan to the Borrower.

“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.

“Revenues” means “[_____] Revenues” as defined in the Borrower Note Resolution.

“State” means the State of New Jersey.

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

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

(a) **Organization.** The Borrower: (i) is a [municipal][county] [utilities][sewerage] 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 Trust, 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 Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) **Authority.** This Note has been duly authorized by the Borrower, 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 Trust 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 Trust, 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 pursuant to the Borrower Note Resolution, (iii) the adoption of the Borrower Note Resolution, (iv) the sale of this Note to the Trust, (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 Revenues 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 Trust, 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 Trust 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 Trust 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 Revenues 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 Trust, the Trust 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 Trust 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 Trust 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 Trust, which consent may or may not be granted by the Trust 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 Trust 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 Trust, 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 Trust upon prior written notice. The Borrower shall permit the Trust 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 Trust 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 Trust 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 Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is October 21, 2009. On the Maturity Date, the Borrower shall repay the Loan to the Trust 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 Trust. Each payment made to the Trust 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 Trust later than the Maturity Date, a late fee shall be payable to the Trust 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.

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 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 Trust 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 Trust 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 Trust 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 Trust shall have the right to 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 Trust 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 agrees that upon demand it shall pay to the Trust 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 Trust 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 agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, P.O. Box 440, Trenton, New Jersey 08625, 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 Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (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 Trust, 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 Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

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

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

[NAME OF BORROWER]

[SEAL]

ATTEST:

By: _____
Authorized Officer

Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Note is delivered pursuant to the within-mentioned Borrower Note Resolution.

_____,
as Trustee

By: _____
Authorized Signatory

EXHIBIT A

Loan Disbursements

Date of Loan Disbursement	Amount of Loan Disbursement

RESOLUTION OF THE [NAME OF LOCAL UNIT], DETERMINING THE FORM AND OTHER DETAILS OF ITS “NOTE RELATING TO THE INTERIM FINANCING 2009 TRUST LOAN PROGRAM OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST”, TO BE ISSUED IN THE PRINCIPAL AMOUNT OF UP TO \$ _____, AND PROVIDING FOR THE ISSUANCE AND SALE OF SUCH NOTE TO THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH NOTE BY THE [NAME OF LOCAL UNIT] IN FAVOR OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, ALL PURSUANT TO THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST INTERIM FINANCING 2009 TRUST LOAN PROGRAM.

WHEREAS, the [Name of Local Unit] (the “Local Unit”) has determined that there exists a need to [acquire, construct, renovate or install] [refinance] a project consisting of _____ (the “Project”), and it is the desire of the Local Unit to obtain financing for such Project through participation in the 2009 financing program (the “2009 Environmental Infrastructure Financing Program”) of the New Jersey Environmental Infrastructure Trust (the “Trust”);

WHEREAS, the Local Unit has determined to temporarily [finance] [refinance] the [acquisition, construction, renovation or installation of] the Project prior to the closing with respect to the 2009 Environmental Infrastructure Financing Program (scheduled to occur on November 5, 2009), and to undertake such temporary financing with the proceeds of an interim loan to be made by the Trust (the “Interim Loan”) to the Local Unit, pursuant to the Interim Financing 2009 Trust Loan Program of the Trust (the “Interim Financing Program”);

WHEREAS, in order to (i) evidence and secure the repayment obligation of the Local Unit to the Trust with respect to the Interim Loan and (ii) satisfy the requirements of the Interim Financing Program, it is the desire of the Local Unit to issue and sell to the Trust the “Note Relating to the Interim Financing 2009 Trust Loan Program of the New Jersey Environmental Infrastructure Trust” in an aggregate principal amount of up to \$ _____ (the “Note”);

WHEREAS, it is the desire of the Local Unit to authorize, execute, attest and deliver the Note to the Trust pursuant to the terms of (i) the [“Sewerage Authorities Law”, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State of New Jersey (codified at N.J.S.A. 40:14A-1 *et seq.*), as the same may from time to time be amended and supplemented,][the “Municipal and County Utilities Authority Law”, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State of New Jersey (codified at N.J.S.A. 40:14B-1 *et seq.*, as the same may from time to time be amended and supplemented)] (the “Local Unit Enabling Act”) and the “Local Authorities Fiscal Control Law”, constituting Chapter 313 of the Pamphlet Laws of 1983 of the State of New Jersey (codified at N.J.S.A. 40A:5A-1 *et seq.*), as the same may from time to time be amended and supplemented (the “Local Authorities Fiscal Control Law”); and

WHEREAS, Section 12 of the Local Authorities Fiscal Control Law and N.J.S.A. 58:11B-9 each allow for the sale of the Note to the Trust, without any public offering, all pursuant to the terms and conditions set forth therein.

NOW, THEREFORE, BE IT RESOLVED by the governing body of the Local Unit as follows:

Section 1. In accordance with Section 12 of the Local Authorities Fiscal Control Law and N.J.S.A. 58:11B-9, the Local Unit hereby authorizes the issuance, sale and award of the Note in accordance with the provisions hereof. The obligation represented by the Note has been authorized by the [resolution][indenture] of the Local Unit, which [resolution][indenture] is entitled “[Title]” (the “Local Unit Note Resolution”) and was finally adopted by the Local Unit at a meeting duly called and held on [Date], at which time a quorum was present and acted throughout, all pursuant to the terms of the Local Unit Enabling Act, the Local Authorities Fiscal Control Law and other applicable law.

Section 2. The Executive Director of the Local Unit (the “Executive Director”) is hereby authorized to determine pursuant to the terms and conditions hereof and of the Local Unit Note Resolution (i) the final principal amount of the Note (subject to the maximum limitation set forth in Section 4(a) hereof), and (ii) the dated date of the Note.

Section 3. Any determination made by the Executive Director pursuant to the terms hereof shall be conclusively evidenced by the execution and attestation of the Note by the parties authorized pursuant to Section 4(h) hereof.

Section 4. The Local Unit hereby determines that certain terms of the Note shall be as follows:

- (a) the principal amount of the Note to be issued shall be an amount up to \$_____;
- (b) the maturity of the Note shall be November 5, 2009;
- (c) the interest rate of the Note shall be 0.0% per annum;
- (d) the purchase price for the Note shall be par;
- (e) the Note shall be subject to prepayment prior to its stated maturity in accordance with the terms and conditions of the Note;
- (f) the Note shall be issued in a single denomination and shall be numbered “IFP-08-_____”;
- (g) the Note 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 Note shall be executed by the manual or facsimile signatures of the _____ under official seal or facsimile thereof affixed, printed, engraved or reproduced thereon and attested by the manual signature of the Secretary of the Local Unit (the “Secretary”).

Section 5. The Note shall be substantially in the form attached hereto as Exhibit A.

Section 6. The law firm of [Name of Local Unit Bond Counsel] is hereby authorized to arrange for the printing of the Note, which law firm may authorize McCarter & English, LLP, bond counsel to the Trust for the Interim Financing Program, to arrange for same.

Section 7. The Executive Director of the Local Unit is hereby further authorized to (i) execute and deliver, and the Secretary is hereby further authorized to attest to such execution and to affix the corporate seal of the Local Unit to, any document, instrument or closing certificate deemed necessary, desirable or convenient by the Executive Director or the Secretary, as applicable, in their respective sole discretion, after consultation with counsel and any advisors to the Local Unit and after further consultation with the Trust and its representatives, agents, counsel and advisors, to be executed in connection the issuance and sale of the Note and the participation of the Local Unit in the Interim Financing Program, which determination shall be conclusively evidenced by the execution of each such certificate or other document by the party authorized hereunder to execute such certificate or other document, and (ii) perform such other actions as the Executive Director and the Secretary deem necessary, desirable or convenient in relation to the execution and delivery of the Note and the participation of the Local Unit in the Interim Financing Program.

Section 8. This resolution shall take effect immediately.

Section 9. Upon the adoption hereof, the Secretary shall forward certified copies of this resolution to [Name of Local Unit Bond Counsel], bond counsel to the Local Unit, Dennis Hart, Executive Director of the Trust, and Richard T. Nolan, Esq., McCarter & English, LLP, bond counsel to the Trust.

EXHIBIT A
FORM OF LOCAL UNIT NOTE

**FORM OF RESOLUTION OF THE [NAME OF LOCAL UNIT] DECLARING ITS
OFFICIAL INTENT TO REIMBURSE EXPENDITURES FOR PROJECT
COSTS FROM THE PROCEEDS OF DEBT OBLIGATIONS IN CONNECTION
WITH ITS PARTICIPATION IN THE 2009 NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST FINANCING PROGRAM**

WHEREAS, the [Name of Local Unit] (the “Borrower”) intends to acquire, construct, renovate and/or install the environmental infrastructure project more fully described in **Exhibit A** attached hereto (the “Project”);

WHEREAS, the Borrower intends to finance the Project with debt obligations of the Borrower (the “Project Debt Obligations”) but may pay for certain costs of the Project (the “Project Costs”) prior to the issuance of the Project Debt Obligations with funds of the Borrower that are not borrowed funds;

WHEREAS, the Borrower reasonably anticipates that obligations, the interest on which is excluded from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), will be issued by the New Jersey Environmental Infrastructure Trust (the “Issuer”) to finance the Project on a long-term basis by making a loan to the Borrower with the proceeds of the Issuer’s obligations (the “Project Bonds”); and

WHEREAS, the Borrower desires to preserve its right to treat an allocation of proceeds of the Project Debt Obligations to the reimbursement of Project Costs paid prior to the issuance of the Project Debt Obligations as an expenditure for such Project Costs to be reimbursed for purposes of Sections 103 and 141 through 150, inclusive, of the Code.

NOW, THEREFORE, BE IT RESOLVED by the governing body of the Borrower as follows:

Section 1. The Borrower reasonably expects to reimburse its expenditure of Project Costs paid prior to the issuance of the Project Debt Obligations with proceeds of its Project Debt Obligations.

Section 2. This resolution is intended to be and hereby is a declaration of the Borrower’s official intent to reimburse the expenditure of Project Costs paid prior to the issuance of the Project Debt Obligations with the proceeds of a borrowing to be incurred by the Borrower, in accordance with Treasury Regulations §150-2.

Section 3. The maximum principal amount of the Project Debt Obligations expected to be issued to finance the Project is \$_____.

Section 4. The Project Costs to be reimbursed with the proceeds of the Project Debt Obligations will be “capital expenditures” in accordance with the meaning of Section 150 of the Code.

Section 5. No reimbursement allocation will employ an “abusive arbitrage device” under Treasury Regulations §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 Project Bonds used to reimburse the Borrower for Project 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 §1.148-1), of the Project Debt Obligations or another issue of debt obligations of the Borrower, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations §1.148-1).

Section 6. 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 Project Debt Obligations is paid, or (ii) the date the Project is “placed in service” (within the meaning of Treasury Regulations §1.150-2) or abandoned, but in no event more than 3 years after the expenditure is paid.

Section 7. This resolution shall take effect immediately.

EXHIBIT A

PROJECT