

MORRIS COUNTY IMPROVEMENT AUTHORITY

MINUTES of the Board Meeting held on May 19, 2010, at 6:00 p.m.,
Knox Conference Room #525, Morris County
Administration and Records Building, Morristown, New Jersey

At 6:00 p.m., John Bonanni, Chairman to the Morris County Improvement Authority called the meeting to order. The following persons were in attendance:

John Bonanni, Chairman
Frank T. Pinto, Commissioner
Christina Ramirez, Commissioner
Glenn Roe, Commissioner
Ellen Sandman, Commissioner
Stephen B. Pearlman, Esq. - DeCotiis, Fitzpatrick, Cole & Wisler, LLC
Jennifer Edwards, Acacia Financial Group
Doug Bacher, NW Financial Group

Commissioner Bonanni asked for the reading of the public statement in accordance with the Open Public Meetings Act which was then read by recording secretary Cindy Rueter.

Commissioner Bonanni asked for "roll call" for the Authority. All five (5) Commissioners were in attendance, Ms. Christina Ramirez, Ms. Ellen Sandman, Mr. John Bonanni, Mr. Glenn Roe and Mr. Frank Pinto a quorum was established.

Approval of the April 20, 2010 minutes and the minutes of a Special Meeting which was held on May 3, 2010 was considered. Commissioner Pinto made a motion to accept the minutes of both the April 20th and May 3rd meeting. Commissioner Ramirez seconded the motion. All were in favor to accept the minutes of April 20, 2010 and May 3, 2010 minutes. Also, approval of the May 3, 2010 Executive Session minutes was considered. Commissioner Pinto made a motion to accept the Executive Session minutes of the May 3rd meeting. Commissioner Sandman seconded the motion. All were in favor to accept the Executive Session minutes of May 3, 2010.

The public portion of the meeting was opened. – No comment at this time.

No Executive Session needed at this time.

Agenda item 6a. was discussed – Resolution authorizing the extension of the program for a period of one (1) year. Commissioner Roe made a motion to adopt this resolution, Commissioner Sandman seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution #10-18 "RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE PREPARATION AND SUBMISSION OF A LETTER APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO LOCAL AUTHORITIES FISCAL CONTROL LAW AND OTHER APPLICABLE LAW, ALL IN CONNECTION WITH THE RENEWAL OF THE AUTHORITY'S COUNTY GUARANTEED LEASING PROGRAM AND CERTAIN OTHER RELATED MATTERS" (No. 10-18) was adopted.

Agenda item 6b. was discussed – Resolution concerning the review of findings and recommendations of the Local Finance Board – Washington Board of Education Project. Commissioner Sandman made a motion to adopt this resolution, Commissioner Ramirez seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution #10-19 "RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY CONCERNING THE REVIEW OF FINDINGS AND RECOMMENDATIONS OF THE LOCAL FINANCE BOARD PURSUANT TO LOCAL AUTHORITIES FISCAL CONTROL LAW AND OTHER APPLICABLE LAW, ALL IN CONNECTION WITH THE AUTHORITY'S COUNTY OF MORRIS GUARANTEED LOAN PROGRAM BONDS, SERIES 2010 (WASHINGTON BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY" (No. 10-19) was adopted.

Agenda item 6c. was discussed – Bond Resolution authorizing the 14 million refunding to the Township of Washington until the year 2023. Commissioner Sandman made a motion to adopt this resolution, Commissioner Ramirez seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution #10-20 “RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF MORRIS GUARANTEED LOAN PROGRAM REFUNDING BONDS, SERIES 2010 (WASHINGTON BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY” (No. 10-20) was adopted.

Agenda item 6d. was discussed – Resolution approving the 2009 Audit for the Morris County Improvement Authority. Commissioner Roe made a motion to adopt this resolution, Commissioner Ramirez seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution #10-20 “RESOLUTION REVIEWING ANNUAL AUDIT OF THE AUTHORITY” (No. 10-21) was adopted.

Agenda item 6e. was discussed – Resolution authorizing the execution of an agreement with the Bank of New York Mellon whereas the Treasurer of the Morris County Improvement Authority has the authority to transfer electronic funds via fax and or e-mail. Commissioner Pinto made a motion to adopt this resolution, Commissioner Sandman seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution #10-22 “RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE EXECUTION OF AN ON-LINE COMMUNICATIONS PROCEDURES LETTER AGREEMENT WITH THE BANK OF NEW YORK MELLON AND RELATED DOCUMENTS, IN CONNECTION WITH ALL CORPORATE TRUST TRANSACTIONS INVOLVING THIS BANK (No. 10-22) was adopted.

Agenda item 6f. was discussed – Resolution appointing Raymond James as the underwriter for the Township of Washington project. Commissioner Sandman made a motion to adopt this resolution, Commissioner Roe seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution #10-23 RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY APPOINTING AN UNDERWRITER IN CONNECTION WITH THE AUTHORITY’S COUNTY OF MORRIS GUARANTEED LOAN PROGRAM BONDS, SERIES 2010 (WASHINGTON BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY (No. 10-23) was adopted.

Agenda item 6g was discussed - Resolution approving the payment of bills as listed on the Schedule of Warrants.. Commissioner Roe made a motion to adopt this resolution; Commissioner Pinto seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution No. 10-24 “RESOLUTION APPROVING THE PAYMENT OF BILLS AS LISTED ON THE SCHEDULE OF WARRANTS” (No. 10-24) was adopted.

7a. Discussion: Status of Renewable Energy Program – Tentatively the ground breaking ceremony for the Renewable Energy Program, Solar Installation will be held at the Mennen Arena on June 23, 2010 at 12:00 noon.

Commissioner Bonanni requested that the Improvement Authority receive a monthly status report from Gabel Associates regarding the Pilot Program, Phase I. Stephen Pearlman will contact Joe Santaiti for an update.

Commissioner Bonanni also requested a letter be drafted to the respondents regarding Phase II of the Renewable Energy Program. This letter will inform the respondents that the participants in the next phase will be chosen by an independent agency (Gabel Associates).

7b. CGLP – Potential transactions: Montville BOE - \$100,000. Morris County \$26 million addition to the Law & Public Safety Training Academy to include a Crime Lab, Data Center and Communications Center.

7c. – Payment of Bills Between Meetings – Approval was requested for outstanding energy bills to be paid to DeCotiis, Fitzpatrick, Cole and Wisler in the amount of \$75,000.00. \$22,232.21 is energy related and the balance (\$52,767.79) is remaining from program development.

7d. Status of Other Inquiries and potential transactions - Sussex County considering a transaction (Nursing Home) with the Improvement Authority. The meeting with Warren County was cancelled.

7e. Other items – Nothing at this time

The May 19, 2010 meeting of the Morris County Improvement Authority was adjourned at 7:30 p.m. Commissioner Pinto made a motion to adjourn and seconded by Commissioner Roe.

Respectively Submitted,

Cynthia Rueter
Recording Secretary

**RESOLUTION OF THE BOARD OF COMMISSIONERS
MORRIS COUNTY IMPROVEMENT AUTHORITY**

TITLE

**RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY
AUTHORIZING THE PREPARATION AND SUBMISSION OF A LETTER
APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO LOCAL
AUTHORITIES FISCAL CONTROL LAW AND OTHER APPLICABLE LAW, ALL IN
CONNECTION WITH THE RENEWAL OF THE AUTHORITY'S COUNTY
GUARANTEED LEASING PROGRAM AND CERTAIN OTHER RELATED MATTERS**

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

WHEREAS, the Authority is authorized by the Act, including without limitation Section 11 thereof (N.J.S.A. 40:37A-54(a)), to purchase, lease or otherwise acquire public facilities, including capital equipment (the "Equipment") for the benefit of certain local governmental units located within the County, including (i) the County, (ii) municipalities within the County (collectively, the "Municipal Local Units"), (iii) school districts that provide service to one or more Municipal Local Units (the "School District Local Units") and (iv) other local governmental units that provide service to one or more Municipal Local Units, including County, municipal or regional authorities (the "Other Local Units" and together with the County, the Municipal Local Units and the School District Local Units, the "Local Units");

WHEREAS, the Authority created a county guaranteed leasing program (the "County Guaranteed Leasing Program", the "Program" or "CGLP") whereby a Local Unit can submit a request (the "Application") to the Authority to borrow funds from or on behalf of the Authority under the Authority's CGLP to finance or refinance the lease purchase of certain capital equipment and, if applicable, other personal property (the "Equipment;" the financing of the Equipment under the CGLP may be referred to herein as the "Project"), pursuant to which Program the Authority can provide a low cost, efficient means for financing Projects of the Local Unit;

WHEREAS, pursuant to the Act, specifically Section 34 thereof (N.J.S.A. 40:37A-77), a private lessor, including without limitation a leasing finance company procured through a competitive process (the "Finance Company"), may sell, lease, lend, grant or convey to the Authority or permit the Authority or its Local Unit lessees to use, maintain or operate any real or personal property, including without limitation the Equipment;

WHEREAS, pursuant to the Act, including without limitation Section 35 thereof (N.J.S.A. 40:37A-78), the Authority is authorized, without public bidding, to enter into and perform any lease, sublease or other agreement with, among others, a Local Unit, for the lease to or use by the Local Unit of all or any part of any public facility or facilities as determined in Section 11 of the Act (N.J.S.A. 40:37A-54(l)), including without limitation the Equipment;

WHEREAS, the Authority created the CGLP to provide low cost, timely and turnkey lease purchase financing to Local Units desiring to lease finance or refinance their Equipment needs;

WHEREAS, under the CGLP, from time to time, as Local Units express the desire to enter into the Program and take the required authorization actions (the "Local Unit Official Action") therefore, the Lessor provides funds, at tax-exempt rates to the Local Units against purchase orders or other evidence of such Local Units' Equipment needs within the hereinafter defined Overall Maximum Program Amount, whereupon the Equipment will be owned by the Finance Company, leased to the Authority under the Master Lease (defined below), and subleased by the Authority, as lessor, to the Local Unit, as lessee, which Local Unit will have the right to quiet use of and be obligated to maintain, the Equipment, all under a sublease purchase agreement (the "Sublease") to be entered into by the Authority and each such Local Unit in accordance with all applicable law, including without limitation Section 35 of the Act (N.J.S.A. 40:37A-78);

WHEREAS, upon expiration of the Sublease, the Equipment will be sold by the Finance Company through the Authority to the Local Unit for nominal consideration, which Local Unit will thereafter possess clear title to the Equipment;

WHEREAS, under the Master Lease and the Sublease, (i) the County and the Municipal Local Units make general obligation Sublease payments directly to the Finance Company, as assignee under the Master Lease of such payments otherwise due the Authority under the Sublease, and (ii) the School District Local Units and the Other Local Units make contractually obligated, subject to appropriation, Sublease payments directly to the Finance Company, as assignee under the Master Lease of such payments otherwise due the Authority under the Sublease;

WHEREAS, under the CGLP and applicable law, including without limitation Section 34 of the Act (N.J.S.A. 40:37A-77), the Authority, as lessee, entered into a master lease purchase agreement (the "Original Master Lease") with the Finance Company for the lease of Equipment to be determined in accordance with each Sublease (as hereinafter defined) entered into with Local Units under the Program, in an original maximum Program amount (until increased or renewed by the Authority, the County and the the Local Finance Board in the Division of Local Government Services of the State Department Community of Affairs (the "Local Finance Board"), the "Original Maximum Program Amount") in an amount not to exceed \$10,000,000;

WHEREAS, the Authority issued to the Finance Company a performance bond (the “Original Bond”) in a principal amount up to the Original Maximum Program Amount, which Original Bond was issued directly to the Finance Company as sole Bondholder, and which Bond will be payable to the Finance Company only upon a deficiency in Sublease payments due and owing by the respective Local Units, in which case the County will have fully, unconditionally and irrevocably guaranteed the payment of the principal of the Original Bond up to the Original Maximum Program Amount, plus interest thereon, through (i) the final adoption of a guaranty ordinance by the Board of Freeholders, (ii) the execution by an authorized officer of the County of a guaranty certificate on the face of each bond and (iii) as may be required by any rating agency, Finance Company or other entity giving approval to the CGLP, an agreement setting forth the County’s obligation to make any such guaranty payments in accordance with and within the parameters set forth in the guaranty ordinance, all in accordance with all applicable law, including Section 37 of the Act (N.J.S.A. 40:37A-80), (collectively, the “Original County Guaranty”);

WHEREAS, the Original Bond was authorized by the Act, all other applicable law, and a bond resolution (the “Original Bond Resolution”) of the Authority adopted pursuant to N.J.S.A. 40:37A-60 and -62 of the Act;

WHEREAS, on June 14, 2006 the Authority obtained the approval of the Local Finance Board for (i) the extension of the Program until July 31, 2007 and (ii) an additional \$10,000,000 authorization thereby increasing the Original Maximum Program Amount (until further increased or renewed by the Authority, the County and the Local Finance Board, the “2006 Increased Program Amount”) in an amount not to exceed \$20,000,000;

WHEREAS, the Authority, entered into an amendment No. 1 to Master Lease (the “Amendment No. 1 to Master Lease”) with the Finance Company for the lease of Equipment to be determined in accordance with each Sublease entered into with Local Units under the Program, in the 2006 Increased Program Amount in an amount not to exceed \$20,000,000;

WHEREAS, the Authority issued to the Finance Company a performance bond (the “2006 Amended Bond”) in a principal amount up to the 2006 Increased Program Amount, which 2006 Amended Bond was issued directly to the Finance Company as sole Bondholder, and which 2006 Amended Bond was payable to the Finance Company only upon a deficiency in Sublease payments due and owing by the respective Local Units, in which case the County will have fully, unconditionally and irrevocably guaranteed the payment of the principal of the Revised Bond up to the 2006 Increased Program Amount, plus interest thereon, through (i) the final adoption of an amendment to the original guaranty ordinance by the Board of Freeholders, and (ii) the execution by an authorized officer of the County of a guaranty certificate on the face of the Amended Bond, all in accordance with all applicable law, including Section 37 of the Act (N.J.S.A. 40:37A-80), (collectively, the “2006 Amended County Guaranty”);

WHEREAS, the 2006 Amended Bond was authorized by the Act, all other applicable law, and a supplemental bond resolution amended and supplementing the terms of the Original Bond Resolution (the “2006 Supplemental Bond Resolution”) of the Authority adopted pursuant to N.J.S.A. 40:37A-60 and -62 of the Act;

WHEREAS, on June 13, 2007 the Authority obtained the approval of the Local Finance Board for (i) the extension of the Program until July 31, 2008 and (ii) an additional \$10,000,000 authorization thereby increasing the Original Maximum Program Amount (until further increased or renewed by the Authority, the County and the Local Finance Board, the “Overall Maximum Program Amount”) in an amount not to exceed \$30,000,000;

WHEREAS, the Authority, entered into an amendment No. 2 to Master Lease (the “Amendment No. 2 to Master Lease”) with the Finance Company for the lease of Equipment to be determined in accordance with each Sublease entered into with Local Units under the Program, in the Overall Maximum Program Amount in an amount not to exceed \$30,000,000;

WHEREAS, the Authority issued to the Finance Company a performance bond (the “2007 Amended Bond”) in a principal amount up to the Overall Maximum Program Amount, which 2007 Amended Bond was issued directly to the Finance Company as sole Bondholder, and which 2007 Amended Bond was payable to the Finance Company only upon a deficiency in Sublease payments due and owing by the respective Local Units, in which case the County will have fully, unconditionally and irrevocably guaranteed the payment of the principal of the Revised Bond up to the Overall Maximum Program Amount, plus interest thereon, through (i) the final adoption of an amendment to the original guaranty ordinance by the Board of Freeholders and (ii) the execution by an authorized officer of the County of a guaranty certificate on the face of the Amended Bond, all in accordance with all applicable law, including Section 37 of the Act (N.J.S.A. 40:37A-80), (collectively, the “2007 Amended County Guaranty”);

WHEREAS, the 2007 Amended Bond was authorized by the Act, all other applicable law, and a supplemental bond resolution amended and supplementing the terms of the Original Bond Resolution (the “2007 Supplemental Bond Resolution”) of the Authority adopted pursuant to N.J.S.A. 40:37A-60 and -62 of the Act;

WHEREAS, the Authority made an application to the Local Finance Board for the extension of the Program until July 31, 2009 (the “2008 Program Extension”);

WHEREAS, the Local Finance Board, at a meeting held on June 9, 2008 did issue favorable Findings with respect to the 2008 Program Extension;

WHEREAS, the Authority made an application to the Local Finance Board for the extension of the Program until July 31, 2010 (the “2009 Program Extension”);

WHEREAS, the Local Finance Board, at a meeting held on August 12, 2009 did issue favorable Findings with respect to the 2009 Program Extension;

WHEREAS, the Program has been successful in lending the proceeds of a portion of the Overall Maximum Program Amount to Local Units;

WHEREAS, the Authority intends to seek the findings for the renewal of the Program until July 31, 2011 (the “2010 Extension”) from the Local Finance Board based on a letter application of the Authority (the “Local Finance Board Application”) to be prepared by the Authority’s counsel, The Law Office of Stephen B. Pearlman, Esq., and the Authority’s financial advisor, Acacia Financial Group, Inc. (collectively, the “Consultants”) and based on a hearing thereon to be held by

the Local Finance Board,;

WHEREAS, the Authority believes: (i) it is in the public interest to accomplish such purpose; (ii) said purpose is for the health, wealth, convenience or betterment of the inhabitants of the County; (iii) the amounts to be expended for said purpose are not unreasonable or exorbitant; and (iv) the proposal is an efficient and feasible means of providing services for the needs of the inhabitants of the County and will not create an undue financial burden to be placed upon the Authority or the County.

NOW, THEREFORE, BE IT RESOLVED by The Morris County Improvement Authority as follows:

Section 1. The Chairperson and the Treasurer of the Authority (including their designees, each an “Authorized Officer”) are each hereby severally authorized to prepare and submit an application to the Local Finance Board for the purpose of the 2010 Extension. The Authorized Officer shall act in consultation with the Consultants, in the preparation and submission of the Local Finance Board Application. All actions taken to date by such parties in connection with the Local Finance Board Application are hereby ratified and approved. All of such parties are hereby authorized and directed to represent the Authority in matters pertaining thereto, including without limitation, the hearing to be held by the Local Finance Board relating to the 2010 Extension.

Section 2. The Secretary of the Authority is hereby directed to prepare and cause counsel to the Authority to file a copy of this resolution with the Local Finance Board as part of the Local Finance Board Application.

Section 3. The Local Finance Board is hereby respectfully requested to consider the Local Finance Board Application and to record its findings and recommendations as provided by N.J.S.A. 40A:5A-7 of the Local Authorities Fiscal Control Law.

Section 4. All actions of the Authorized Officers and the Consultants taken prior to the date of adoption hereof in connection with the Program, the 2010 Extension or any of the foregoing transactions contemplated by this resolution are hereby ratified and approved.

Section 5. This resolution shall take effect immediately.

MOVED/SECONDED:

Resolution moved by Commissioner _____.

Resolution seconded by Commissioner _____.

VOTE:

Commissioner	Yes	No	Abstain	Absent
Pinto				
Ramirez				
Roe				
Sandman				
Bonanni				

ATTESTATION:

This Resolution was acted upon at the Regular Meeting of the Authority held on May 19, 2010 at the Authority’s principal corporate office in Morristown, New Jersey.

Attested to this 19th day of May, 2010

By: _____

Secretary of the Authority

FORM and LEGALITY:

This Resolution is approved as to form and legality as of May 19, 2010

By: _____

**Stephen B. Pearlman, Esq., Partner
The Law Office of Stephen B. Pearlman, Esq.
Counsel to the Authority**

Resolution #10-19

RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY CONCERNING THE REVIEW OF FINDINGS AND RECOMMENDATIONS OF THE LOCAL FINANCE BOARD PURSUANT TO LOCAL AUTHORITIES FISCAL CONTROL LAW AND OTHER APPLICABLE LAW, ALL IN CONNECTION WITH THE AUTHORITY'S COUNTY OF MORRIS GUARANTEED LOAN PROGRAM BONDS, SERIES 2010 (WASHINGTON BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY

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

WHEREAS, the Authority is authorized by the Act and other applicable law to finance public facilities of local governmental units within and including the County through the acquisition of debt issued by or on behalf of such local governmental units;

WHEREAS, on July 29, 2003, the Authority issued its \$20,870,000 original aggregate principal amount of "County of Morris Guaranteed Pooled Program Bonds, Series 2003" (the "*Series 2003 Bonds*") for the purpose, among other things, of financing certain capital projects (collectively the "*Local Unit Project*") of The Board of Education of the Township of Washington, in the County of Morris, New Jersey, a school district duly created and validly existing under the laws of the State (the "*Local Unit*") through the Authority's purchase (with a portion of the proceeds of the Series 2003 Bonds) of the Local Unit's general obligation school district bond entitled "Washington School Bond" in an original aggregate principal amount of \$19,100,300 dated July 15, 2003 (the "*Series 2003 Local Unit Bond*");

WHEREAS, the Local Unit Project was detailed in Exhibit A to that certain "Loan Agreement" dated as of July 1, 2003 (the "*Series 2003 Loan Agreement*") between the Authority and the Local Unit, pursuant to which the Authority loaned the Local Unit a portion of the proceeds of the Series 2003 Bonds for the Local Unit Project (the "*Series 2003 Loan*"), which Series 2003 Loan was to be repaid by the Local Unit in accordance with a debt service schedule set forth in Exhibit B to the Series 2003 Loan Agreement, as evidenced by the Series 2003 Local Unit Bond;

WHEREAS, the Series 2003 Bonds were issued pursuant to (i) a bond resolution of the Authority entitled “Resolution Authorizing the Issuance of County of Morris Guaranteed Authority Pooled Program Bonds, Series 2003, of the Morris County Improvement Authority”, which was duly adopted by the Authority at a meeting thereof duly called and held on June 11, 2003, as amended and supplemented by a Certificate of the Executive Director of the Authority dated July 29, 2003 issued pursuant to Section 2.02(1)(d) of the original bond resolution (collectively, the “*Series 2003 Bond Resolution*”), (ii) the Act, and other applicable law;

WHEREAS, the Series 2003 Bonds are presently Outstanding (as such term is defined in the Series 2003 Bond Resolution) in the aggregate principal amount of \$15,300,000, \$11,705,000 aggregate principal amount of which are scheduled to mature on or after August 15, 2014 (the “*Series 2003 Bonds to be Refunded*”);

WHEREAS, the Authority and the Local Unit have determined that there are debt service savings to be achieved through the advance refunding of the Series 2003 Bonds to be Refunded (the “*Advance Refunding Project*”), which in turn would advance refund the remaining outstanding aggregate principal amount of the Series 2003 Local Unit Bond [in an equal principal amount] (the “*Series 2003 Local Unit Bond to be Refunded*”);

WHEREAS, pursuant to the terms of the Series 2003 Bond Resolution, the earliest date the Series 2003 Bonds to be Refunded can be redeemed is August 15, 2013 at par;

WHEREAS, in order to implement the Advance Refunding Project, and to pay the costs of issuance and fund any necessary reserves or other costs related thereto (collectively the “*Series 2010 Project*”), the Authority shall adopt a bond resolution entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF MORRIS GUARANTEED LOAN PROGRAM REFUNDING BONDS, SERIES 20010 (WASHINGTON BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY" (the “*Bond Resolution*”);

WHEREAS, the Bond Resolution shall authorize the issuance of “County of Morris Guaranteed Loan Program Refunding Bonds, Series 2010 (Washington Board of Education Project)” in the aggregate principal amount not to exceed \$14,000,000 (the “*Series 2010 Refunding Bonds*”);

WHEREAS, the Advance Refunding Project shall be achieved through the deposit of a portion of the proceeds of the Series 2010 Refunding Bonds with the trustee authorized under the Bond Resolution (the “*Trustee*”), as escrow agent (the “*Escrow Agent*”) pursuant to an “Escrow Deposit Agreement” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (the “*Escrow Deposit Agreement*”) between the Authority and the Escrow Agent;

WHEREAS, the Series 2010 Refunding Bonds shall be secured by the Trust Estate established pursuant to the Bond Resolution, which shall consist, in material part, of the payment of the principal, redemption premium, if any, and interest on the general obligation school district bond of the Local Unit entitled “Washington School Refunding Bond” in an original aggregate principal amount not to exceed \$14,000,000 (the “*Series 2010 Local Unit Refunding*”);

Bond”), which Series 2010 Local Unit Refunding Bond shall be payable by the Local Unit, if necessary, from the levy of *ad valorem* taxes upon all the taxable property within the jurisdiction of the Local Unit, without limitation as to rate or amount;

WHEREAS, the Series 2010 Local Unit Refunding Bond shall be authorized pursuant to:

- (i) Title 18A of the New Jersey Revised Statutes, Chapter 24, including without limitation Article 10 regarding the Renewal and Refunding of Bonds (the “*Public School Bond Law*”);
- (ii) Other applicable law;
- (iii) A resolution authoring the Authority to include all of the Local Unit’s requirements with respect to the Series 2010 Project in the Authority’s Local Finance Board Application (as hereinafter defined), and accordingly submit the Local Finance Board Application on behalf of the Local Unit (the “*Local Unit Local Finance Board Resolution*”);
- (iv) A refunding bond ordinance adopted by the Local Unit pursuant to N.J.S.A. 18A:24-61.2 and other applicable provisions of the Public School Bond Law (the “*Local Unit Refunding Bond Ordinance*”);
- (v) The resolution approving the Local Unit Refunding Bond Ordinance on first reading in accordance with N.J.S.A. 18A:24-61.4 of the Public School Bond Law (the “*Local Unit First Reading Resolution*”); and
- (vi) A resolution authorizing the sale of the Series 2010 Local Unit Refunding Bond to the Authority pursuant to N.J.S.A. 18A:24-46 of the Public School Bond Law (the “*Local Unit Private Sale Resolution*”, and together with the Local Unit Local Finance Board Resolution, the Local Unit Refunding Bond Ordinance, the Local Unit First Reading Resolution, and any other resolutions of the Local Unit pertaining to the Series 2010 Project, the “*Local Unit Official Action*”), which Local Unit Private Sale Resolution may also provide for (x) a non-conforming maturity schedule (e.g., level debt service) for the Series 2010 Local Unit Refunding Bond pursuant to N.J.S.A. 18A:24-7 of the Public School Bond Law, and/or (y) redemption premium pursuant to N.J.S.A. 18A:24-9.1 of the Public School Bond Law, both of which would require Local Finance Board (as hereinafter defined) consent, and (z) authorization for the Local Unit to execute and deliver Loan Agreement Amendment No. 1 and the other Financing Documents (as such terms are hereinafter defined) applicable to the Local Unit;

WHEREAS, the Series 2003 Loan Agreement shall be amended to implement the Series 2010 Project by revising the terms of the Series 2003 Loan (as amended, the “*Loan*”), including the Authority’s purchase of the Series 2010 Local Unit Refunding Bond and the revised debt service schedule for the Loan and the Series 2010 Local Unit Refunding Bond to be set forth on

a revised Exhibit B to the Series 2003 Loan Agreement, all through that certain “Amendment No. 1 to Loan Agreement” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (the “*Loan Agreement Amendment No. 1*”, and together with the Series 2003 Loan Agreement, and as the same may be further amended or supplemented in accordance with its terms from time to time, the “*Loan Agreement*”);

WHEREAS, payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2010 Refunding Bonds shall be fully, unconditionally and irrevocably guaranteed in an aggregate principal amount not to exceed \$14,000,000 in accordance with (i) the terms of a guaranty ordinance of the County to be finally adopted by the Board of Freeholders, (ii) by a guaranty certificate to be executed by an authorized officer of the County on the face of each Series 2010 Refunding Bond and (iii) as may be required by any rating agency, underwriter, Series 2010 Refunding Bond purchaser or other entity that will allow the Authority to sell the Series 2010 Refunding Bonds at the lowest possible cost to the Local Unit, an agreement setting forth the County’s obligation to make any such guaranty payments in accordance with and within the parameters set forth in such ordinance (collectively, the “*County Guaranty*”), all pursuant to Section 37 (“*Section 37*”) of the Act (N.J.S.A. 40:37A-80) and other applicable law, which payments shall also be included as part of the Trust Estate applicable to the Series 2010 Refunding Bonds pledged by the Authority to the Trustee under the Bond Resolution;

WHEREAS, pursuant to the terms of the Loan Agreement, the Local Unit shall constitute a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 (“*Rule 15c-12*”) promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended, will be required to enter into that certain “Local Unit Continuing Disclosure Agreement” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (as the same may be amended and supplemented from time to time in accordance with their respective terms, the “*Local Unit Continuing Disclosure Agreement*”) with the Authority and the Trustee, as dissemination agent (the “*Dissemination Agent*”) in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the Bond Resolution due to the County Guaranty, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, the County shall be required to enter into that certain “County Continuing Disclosure Agreement” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*County Continuing Disclosure Agreement*”) with the Authority and the Dissemination Agent in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the Bond Resolution, the Authority (i) shall not be considered a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 and (ii) shall be required to provide certain material events notices in accordance with Rule 15c2-12, and accordingly, the Authority (a) may be required to enter into a separate continuing disclosure agreement, and (b) shall be required to provide such material events notices under the terms of the Local Unit Continuing Disclosure Agreement, all in order to

satisfy the secondary market disclosure requirements of Rule 15c2-12 (the “*Authority Continuing Disclosure Agreement*” and together with the Local Unit Continuing Disclosure Agreement and the County Continuing Disclosure Agreement, the “*Continuing Disclosure Agreements*”);

WHEREAS, in order to market and sell the Series 2010 Refunding Bonds, the Authority will have to (i) make an application (the “*Local Finance Board Application*”) to, and seek, obtain, and officially recognize the findings from the Local Finance Board (the “*Local Finance Board*”) in the Department of Local Government Services of the State Department of Community Affairs, all in accordance with N.J.S.A. 40A:5A-6, 7 and 8 of the Local Authorities Fiscal Control Law, which Local Finance Board Application, hearing and process shall also incorporate the requests on behalf of the Local Unit seeking certain approvals by the Local Finance Board regarding certain Public School Bond Law requirements related to the Series 2010 Local Unit Refunding Bond, (ii) authorize the distribution of a preliminary official statement “deemed final” within the meaning and for the purposes of Rule 15c2-12 describing the terms of the Series 2010 Refunding Bonds, the Series 2010 Project and the other transactions contemplated hereby (the “*Preliminary Official Statement*”), (iii) enter into a bond purchase agreement with an underwriter to be selected from the Authority’s qualified underwriter list procured through a fair and open process (the “*Underwriter*”) by the Authority (the “*Bond Purchase Agreement*”), (iv) execute and deliver a final Official Statement incorporating the terms of the sale of the Series 2010 Refunding Bonds and certain other information into the Preliminary Official Statement (the “*Official Statement*”), (v) obtain the Local Unit Official Action, (vi) cause the Local Unit to make certain representations, warranties and covenants concerning the Loan, the Series 2010 Local Unit Refunding Bond and the transactions contemplated hereby prior to their respective execution and delivery of the Series 2010 Local Unit Refunding Bond, but no later than the execution and delivery of the Bond Purchase Agreement (the “*Local Unit Letter of Representations*”) and (vii) cause the Local Unit to make certain representations, warranties and covenants concerning the Series 2010 Project, the Series 2010 Local Unit Refunding Bond, and the transactions contemplated hereby prior to their respective execution and delivery of the Series 2010 Local Unit Refunding Bond, but no later than the execution and delivery of the Bond Purchase Agreement, all in connection with preserving the exclusion of the interest of the Series 2010 Refunding Bonds from the gross income of the holders thereof for federal income tax purposes (the “*Local Unit Tax Certificate*” and together with the Preliminary Official Statement, the Bond Purchase Agreement, the Official Statement and the Local Unit Letter of Representations, the “*Sale Documents*”);

WHEREAS, the Authority shall have no obligation with respect to the Series 2010 Project other than the financing thereof; accordingly, the payment of the Series 2010 Local Unit Refunding Bond shall remain the sole responsibility of the Local Unit; and

WHEREAS, in accordance with Section 13 (“*Section 13*”) of the Act (N.J.S.A. 40:37A-56), prior to the issuance of the Series 2010 Refunding Bonds, the Authority will have made a detailed report of the Series 2010 Project to the Board of Freeholders, which report will include, without limitation, descriptions of the Bond Resolution, the Local Unit Official Action, the Series 2010 Refunding Bonds, the Series 2010 Local Unit Refunding Bond, the County Guaranty, the Loan Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Agreements, and if necessary, desirable or convenient as determined by the Authority, the

County, and as applicable, the Local Unit, such other applicable agreements that may include one or more of the Local Finance Board Application or any Sale Documents (collectively, the "*Financing Documents*");

WHEREAS, the Local Finance Board at meetings held on May 12, 2010 and May 19, 2010, did issue favorable findings (the "Findings") with respect to the Series 2010 Refunding Bonds, the Series 2010 Project and the other matters contemplated herein, a copy of which Findings are attached hereto as **Exhibit A**; and

WHEREAS, N.J.S.A. 40A:5A-7 requires, among other things, that the Commissioners of the Authority, within forty-five (45) days of receipt of the Findings, shall certify to the Local Finance Board by adoption of this resolution and by execution and delivery of that certain group affidavit attached hereto as **Exhibit B** and incorporated herein as if fully set forth at length (the "Group Affidavit") that such Commissioners have personally reviewed the Findings; and

WHEREAS, failure to comply with this requirement may subject the members of the Authority to the penalty provisions of N.J.S.A. 52:27BB-52.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Authority as follows:

Section 1. Each Commissioner of the Authority, having personally reviewed the Findings, is hereby authorized to execute the Group Affidavit to such effect set forth in **Exhibit B** attached hereto.

Section 2. After execution of the Group Affidavit, the Authority will have complied with the requirements of N.J.S.A. 40A:5A-7 with respect to the Findings; accordingly, the Authority does hereby severally authorize and direct the Secretary of the Authority or The Law Office of Stephen B. Pearlman, Esq., counsel to the Authority, to submit to the Local Finance Board a certified copy of this resolution and such fully authorized and executed Group Affidavit evidencing the Authority's compliance therewith.

Section 3. This resolution shall take effect immediately.

EXHIBIT A

COPY OF LOCAL FINANCE BOARD FINDINGS

EXHIBIT B

GROUP AFFIDAVIT

State of New Jersey :
County of Morris :

We, the members of **THE MORRIS COUNTY IMPROVEMENT AUTHORITY**, being of full age and being duly sworn according to law, upon our oath depose and say:

1. We, the undersigned, are the duly appointed Commissioners of the Morris County Improvement Authority.

2. We, the undersigned, certify that, pursuant to N.J.S.A. 40A:5A-7, we have personally reviewed the findings and recommendations of the Local Finance Board issued pursuant to meetings and hearings of the Local Finance Board on May 12, 2010 and May 19, 2010 with respect to the Series 2010 Refunding Bonds, the Series 2010 Project and such other matters contemplated by the Authority's resolution adopted May 19, 2010 and entitled, "RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY CONCERNING THE REVIEW OF FINDINGS AND RECOMMENDATIONS OF THE LOCAL FINANCE BOARD PURSUANT TO LOCAL AUTHORITIES FISCAL CONTROL LAW AND OTHER APPLICABLE LAW, ALL IN CONNECTION WITH THE AUTHORITY'S COUNTY OF MORRIS GUARANTEED LOAN PROGRAM BONDS, SERIES 2010 (WASHINGTON BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY".

<u>Name</u>	<u>Signature</u>
John Bonanni	_____
Frank T. Pinto, Jr.	_____
Christina Ramirez	_____
Glenn Roe	_____
Ellen Sandman	_____

Sworn to and subscribed before me
this 19th day of May, 2010.

Notary Public
State of New Jersey

**RESOLUTION AUTHORIZING THE ISSUANCE OF
COUNTY OF MORRIS GUARANTEED LOAN PROGRAM BONDS, SERIES 2010
(WASHINGTON BOARD OF EDUCATION PROJECT)
OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY**

Adopted: May 19, 2010
as amended and supplemented by
a Certificate of an Authorized Officer of the Authority
dated __, 2010

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS.....7
SECTION 1.01. Definitions.....7
SECTION 1.02. Rules of Interpretation.22
SECTION 1.03. Authority for Bond Resolution.22
SECTION 1.04. Bond Resolution and Bonds Constitute a Contract; Pledge of
Trust Estate.....23

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS.....24
SECTION 2.01. Authorization of Bonds; Designation of Bonds of Series.....24
SECTION 2.02. General Provisions for Issuance of Bonds.24
SECTION 2.03. Series 2010 Refunding Bonds.....26
SECTION 2.04. Purposes, Authorization and Description of Additional Bonds.....29
SECTION 2.05. Conditions Precedent to Issuance of Additional Bonds.....30
SECTION 2.06. Book-Entry System.33

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS.....36
SECTION 3.01. Medium of Payment; Form and Date; Letters and Numbers.36
SECTION 3.02. Legends.36
SECTION 3.03. Execution and Authentication.....37
SECTION 3.04. Transfer and Registry.....37
SECTION 3.05. Regulations With Respect to Exchanges and Transfers.....38
SECTION 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.....38
SECTION 3.07. Temporary Bonds.....38
SECTION 3.08. Cancellation and Destruction of Bonds.39
SECTION 3.09. Parties Interested Herein.39

ARTICLE IV

REDEMPTION OF BONDS PRIOR TO MATURITY.....40
SECTION 4.01. Privilege of Redemption and Redemption Price.....40

Resolution #10-20	
SECTION 4.02. Optional Redemption.....	40
SECTION 4.03. Redemption by Trustee.....	41
SECTION 4.04. Selection of Bonds to be Redeemed.....	41
SECTION 4.05. Notice of Redemption.....	41
SECTION 4.06. Payment of Redeemed Bonds.....	42
SECTION 4.07. Redemption of Portions of Bonds.....	42

ARTICLE V

REVENUES AND FUNDS.....	44
SECTION 5.01. Creation of Funds and Accounts.....	44
SECTION 5.02. Construction Fund.....	44
SECTION 5.03. Administrative Fund.....	46
SECTION 5.04. Revenues.....	47
SECTION 5.05. Revenue Fund.....	47
SECTION 5.06. Debt Service Fund.....	48
SECTION 5.07. Reserved.....	49
SECTION 5.08. General Fund.....	49
SECTION 5.09. Notices and Records of Rebatable Arbitrage.....	49
SECTION 5.10. Deposit and Notices of Deposit into Rebate Fund.....	50
SECTION 5.11. Excess Moneys in Rebate Fund.....	50
SECTION 5.12. Investment of Rebate Fund.....	51
SECTION 5.13. Payment of Rebatable Arbitrage to the United States.....	51
SECTION 5.14. Place of Payment and Accompanying Documents; Duty of Trustee.....	52
SECTION 5.15. Moneys to Be Held in Trust.....	52
SECTION 5.16. Investments.....	52

ARTICLE VI

FINANCING DOCUMENTS, BOND PURCHASE AGREEMENT AND OFFICIAL STATEMENT.....	54
SECTION 6.01. Terms and Conditions of Financing Documents.....	54
SECTION 6.02. Form of Financing Documents.....	54
SECTION 6.03. Loan Payments.....	54
SECTION 6.04. Bond Purchase Agreement.....	54
SECTION 6.05. Preliminary Official Statement.....	55
SECTION 6.06. Official Statement.....	55

ARTICLE VII

SERVICING OF LOAN PAYMENTS56
SECTION 7.01. Defaults.56
SECTION 7.02. Termination of Loan Agreement.....56
SECTION 7.03. Files.....56
SECTION 7.04. Trustee’s Obligations.57

ARTICLE VIII

GENERAL COVENANTS.....58
SECTION 8.01. Payment of Bonds; Special Obligations of Authority.....58
SECTION 8.02. Observance and Performance of Duties, Covenants, Obligations
and Agreements; Representations as to Authorization and
Validity of Bonds.58
SECTION 8.03. Liens, Encumbrances and Charges.58
SECTION 8.04. Accounts and Audits.59
SECTION 8.05. Further Assurances.....59
SECTION 8.06. Tax Covenants.....60
SECTION 8.07. Application of Basic Loan Prepayments.....61

ARTICLE IX

DEFAULT PROVISIONS; REMEDIES OF TRUSTEE AND BONDHOLDERS.....62
SECTION 9.01. Defaults; Events of Default.....62
SECTION 9.02. Acceleration of Bonds; Remedies.....63
SECTION 9.03. Right of Holders of Bonds to Direct Proceedings.....64
SECTION 9.04. Application of Moneys.....65
SECTION 9.05. Remedies Vested in Trustee.....65
SECTION 9.06. Rights and Remedies of Holders of Bonds.65
SECTION 9.07. Termination of Proceedings.....66
SECTION 9.08. Waivers of Events of Default.....66
SECTION 9.09. Notice of Certain Defaults; Opportunity of Authority to Cure
Defaults.67

ARTICLE X

Resolution #10-20

THE FIDUCIARIES	68
SECTION 10.01. Appointments, Duties, Immunities and Liabilities of Trustee.....	68
SECTION 10.02. Paying Agents; Appointments.....	68
SECTION 10.03. Responsibilities of Fiduciaries.....	68
SECTION 10.04. Evidence Upon Which Fiduciaries May Act.....	69
SECTION 10.05. Compensation.....	70
SECTION 10.06. Certain Permitted Acts.....	70
SECTION 10.07. Resignation of Trustee.....	70
SECTION 10.08. Removal of Trustee.....	71
SECTION 10.09. Appointment of Successor Trustee.....	71
SECTION 10.10. Transfer of Rights and Property to Successor Trustee.....	72
SECTION 10.11. Merger or Consolidation.....	72
SECTION 10.12. Adoption of Authentication.....	72
SECTION 10.13. Resignation or Removal of Paying Agent; Appointment of Successor.....	73

ARTICLE XI

AMENDMENTS	74
SECTION 11.01. Supplemental Resolutions Effective Upon Filing With Trustee.....	74
SECTION 11.02. Supplemental Resolutions Effective Upon Consent of Trustee.....	75
SECTION 11.03. Supplemental Resolutions Effective With Consent of Bondholders.....	75
SECTION 11.04. General Provisions.....	76
SECTION 11.05. Mailing.....	76
SECTION 11.06. Powers of Amendment by Supplemental Resolution.....	76
SECTION 11.07. Consent of Bondholders.....	77
SECTION 11.08. Modifications or Amendments by Unanimous Consent.....	79
SECTION 11.09. Exclusion of Bonds.....	79
SECTION 11.10. Notation on Bonds.....	79
SECTION 11.11. Effect of Supplemental Resolutions.....	79
SECTION 11.12. Notice of Amendments.....	80

ARTICLE XII

DEFEASANCE.....	80
SECTION 12.01. Defeasance of Bonds.....	80
SECTION 12.02. Evidence of Signatures and Ownership of Bonds.....	84
SECTION 12.03. Moneys Held for Particular Bonds.....	85

ARTICLE XIII

MISCELLANEOUS85

SECTION 13.01. Liability of Authority Limited to Trust Estate.....85

SECTION 13.02. Successor Is Deemed Included in All References to
Predecessor.....86

SECTION 13.03. Limitation of Rights to Parties.....86

SECTION 13.04. Waiver of Notice.....86

SECTION 13.05. Destruction of Bonds.....86

SECTION 13.06. Severability of Invalid Provisions.....86

SECTION 13.07. Notices.....87

SECTION 13.08. Disqualified Bonds.....88

SECTION 13.09. Funds and Accounts.....88

SECTION 13.10. Waiver of Personal Liability.....88

SECTION 13.11. Authority Protected in Acting in Good Faith.....89

SECTION 13.12. Business Days.....89

ARTICLE XIV

BOND FORM AND EFFECTIVE DATE90

SECTION 14.01. Form of Bonds, Trustee’s Certificate of Authentication and
County Guaranty Certificate.....90

SECTION 14.02. Effective Date.....101

EXHIBIT A..... A-1

**RESOLUTION AUTHORIZING THE ISSUANCE OF
COUNTY OF MORRIS GUARANTEED LOAN PROGRAM BONDS, SERIES 2010
(WASHINGTON BOARD OF EDUCATION PROJECT)
OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY**

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

WHEREAS, the Authority is authorized by the Act and other applicable law to finance public facilities of local governmental units within and including the County through the acquisition of debt issued by or on behalf of such local governmental units;

WHEREAS, on July 29, 2003, the Authority issued its \$20,870,000 original aggregate principal amount of “County of Morris Guaranteed Pooled Program Bonds, Series 2003” (the “*Series 2003 Bonds*”) for the purpose, among other things, of financing certain capital projects (collectively the “*Local Unit Project*”) of The Board of Education of the Township of Washington, in the County of Morris, New Jersey, a school district duly created and validly existing under the laws of the State (the “*Local Unit*”) through the Authority’s purchase (with a portion of the proceeds of the Series 2003 Bonds) of the Local Unit’s general obligation school district bond entitled “Washington School Bond” in an original aggregate principal amount of \$19,100,300 dated July 15, 2003 (the “*Series 2003 Local Unit Bond*”);

WHEREAS, the Local Unit Project was detailed in Exhibit A to that certain “Loan Agreement” dated as of July 1, 2003 (the “*Series 2003 Loan Agreement*”) between the Authority and the Local Unit, pursuant to which the Authority loaned the Local Unit a portion of the proceeds of the Series 2003 Bonds for the Local Unit Project (the “*Series 2003 Loan*”), which Series 2003 Loan was to be repaid by the Local Unit in accordance with a debt service schedule set forth in Exhibit B to the Series 2003 Loan Agreement, as evidenced by the Series 2003 Local Unit Bond;

WHEREAS, the Series 2003 Bonds were issued pursuant to (i) a bond resolution of the Authority entitled “Resolution Authorizing the Issuance of County of Morris Guaranteed Authority Pooled Program Bonds, Series 2003, of the Morris County Improvement Authority”, which was duly adopted by the Authority at a meeting thereof duly called and held on June 11, 2003, as amended and supplemented by a Certificate of the Executive Director of the Authority dated July 29, 2003 issued pursuant to Section 2.02(1)(d) of the original bond resolution (collectively, the “*Series 2003 Bond Resolution*”), (ii) the Act, and other applicable law;

Resolution #10-20

WHEREAS, the Series 2003 Bonds are presently Outstanding (as such term is defined in the Series 2003 Bond Resolution) in the aggregate principal amount of \$15,300,000, \$11,705,000 aggregate principal amount of which are scheduled to mature on or after August 15, 2014 (the “*Series 2003 Bonds to be Refunded*”);

WHEREAS, the Authority and the Local Unit have determined that there are debt service savings to be achieved through the advance refunding of the Series 2003 Bonds to be Refunded (the “*Advance Refunding Project*”), which in turn would advance refund the remaining outstanding aggregate principal amount of the Series 2003 Local Unit Bond [in an equal principal amount] (the “*Series 2003 Local Unit Bond to be Refunded*”);

WHEREAS, pursuant to the terms of the Series 2003 Bond Resolution, the earliest date the Series 2003 Bonds to be Refunded can be redeemed is August 15, 2013 at par;

WHEREAS, in order to implement the Advance Refunding Project, and to pay the costs of issuance and fund any necessary reserves or other costs related thereto (collectively the “*Series 2010 Project*”), the Authority shall adopt a bond resolution entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF MORRIS GUARANTEED LOAN PROGRAM REFUNDING BONDS, SERIES 20010 (WASHINGTON BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY" (the “*Bond Resolution*”);

WHEREAS, the Bond Resolution shall authorize the issuance of “County of Morris Guaranteed Loan Program Refunding Bonds, Series 2010 (Washington Board of Education Project)” in the aggregate principal amount not to exceed \$14,000,000 (the “*Series 2010 Refunding Bonds*”);

WHEREAS, the Advance Refunding Project shall be achieved through the deposit of a portion of the proceeds of the Series 2010 Refunding Bonds with the trustee authorized under the Bond Resolution (the “*Trustee*”), as escrow agent (the “*Escrow Agent*”) pursuant to an “Escrow Deposit Agreement” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (the “*Escrow Deposit Agreement*”) between the Authority and the Escrow Agent;

WHEREAS, the Series 2010 Refunding Bonds shall be secured by the Trust Estate established pursuant to the Bond Resolution, which shall consist, in material part, of the payment of the principal, redemption premium, if any, and interest on the general obligation school district bond of the Local Unit entitled “Washington School Refunding Bond” in an original aggregate principal amount not to exceed \$14,000,000 (the “*Series 2010 Local Unit Refunding Bond*”), which Series 2010 Local Unit Refunding Bond shall be payable by the Local Unit, if necessary, from the levy of *ad valorem* taxes upon all the taxable property within the jurisdiction of the Local Unit, without limitation as to rate or amount;

Resolution #10-20

WHEREAS, the Series 2010 Local Unit Refunding Bond shall be authorized pursuant to:

- (i) Title 18A of the New Jersey Revised Statutes, Chapter 24, including without limitation Article 10 regarding the Renewal and Refunding of Bonds (the “*Public School Bond Law*”);
- (ii) Other applicable law;
- (iii) A resolution authoring the Authority to include all of the Local Unit’s requirements with respect to the Series 2010 Project in the Authority’s Local Finance Board Application (as hereinafter defined), and accordingly submit the Local Finance Board Application on behalf of the Local Unit (the “*Local Unit Local Finance Board Resolution*”);
- (iv) A refunding bond ordinance adopted by the Local Unit pursuant to N.J.S.A. 18A:24-61.2 and other applicable provisions of the Public School Bond Law (the “*Local Unit Refunding Bond Ordinance*”);
- (v) The resolution approving the Local Unit Refunding Bond Ordinance on first reading in accordance with N.J.S.A. 18A:24-61.4 of the Public School Bond Law (the “*Local Unit First Reading Resolution*”); and
- (vi) A resolution authorizing the sale of the Series 2010 Local Unit Refunding Bond to the Authority pursuant to N.J.S.A. 18A:24-46 of the Public School Bond Law (the “*Local Unit Private Sale Resolution*”, and together with the Local Unit Local Finance Board Resolution, the Local Unit Refunding Bond Ordinance, the Local Unit First Reading Resolution, and any other resolutions of the Local Unit pertaining to the Series 2010 Project, the “*Local Unit Official Action*”), which Local Unit Private Sale Resolution may also provide for (x) a non-conforming maturity schedule (e.g., level debt service) for the Series 2010 Local Unit Refunding Bond pursuant to N.J.S.A. 18A:24-7 of the Public School Bond Law, and/or (y) redemption premium pursuant to N.J.S.A. 18A:24-9.1 of the Public School Bond Law, both of which would require Local Finance Board (as hereinafter defined) consent, and (z) authorization for the Local Unit to execute and deliver Loan Agreement Amendment No. 1 and the other Financing Documents (as such terms are hereinafter defined) applicable to the Local Unit;

WHEREAS, the Series 2003 Loan Agreement shall be amended to implement the Series 2010 Project by revising the terms of the Series 2003 Loan (as amended, the “*Loan*”), including the Authority’s purchase of the Series 2010 Local Unit Refunding Bond and the revised debt service schedule for the Loan and the Series 2010 Local Unit Refunding Bond to be set forth on

Resolution #10-20

a revised Exhibit B to the Series 2003 Loan Agreement, all through that certain “Amendment No. 1 to Loan Agreement” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (the “*Loan Agreement Amendment No. 1*”, and together with the Series 2003 Loan Agreement, and as the same may be further amended or supplemented in accordance with its terms from time to time, the “*Loan Agreement*”);

WHEREAS, payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2010 Refunding Bonds shall be fully, unconditionally and irrevocably guaranteed in an aggregate principal amount not to exceed \$14,000,000 in accordance with (i) the terms of a guaranty ordinance of the County to be finally adopted by the Board of Freeholders, (ii) by a guaranty certificate to be executed by an authorized officer of the County on the face of each Series 2010 Refunding Bond and (iii) as may be required by any rating agency, underwriter, Series 2010 Refunding Bond purchaser or other entity that will allow the Authority to sell the Series 2010 Refunding Bonds at the lowest possible cost to the Local Unit, an agreement setting forth the County’s obligation to make any such guaranty payments in accordance with and within the parameters set forth in such ordinance (collectively, the “*County Guaranty*”), all pursuant to Section 37 (“*Section 37*”) of the Act (N.J.S.A. 40:37A-80) and other applicable law, which payments shall also be included as part of the Trust Estate applicable to the Series 2010 Refunding Bonds pledged by the Authority to the Trustee under the Bond Resolution;

WHEREAS, pursuant to the terms of the Loan Agreement, the Local Unit shall constitute a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 (“*Rule 15c-12*”) promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended, will be required to enter into that certain “Local Unit Continuing Disclosure Agreement” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (as the same may be amended and supplemented from time to time in accordance with their respective terms, the “*Local Unit Continuing Disclosure Agreement*”) with the Authority and the Trustee, as dissemination agent (the “*Dissemination Agent*”) in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the Bond Resolution due to the County Guaranty, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, the County shall be required to enter into that certain “County Continuing Disclosure Agreement” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*County Continuing Disclosure Agreement*”) with the Authority and the Dissemination Agent in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the Bond Resolution, the Authority (i) shall not be considered a “materially obligated person” within the meaning and for the purposes set forth in

Resolution #10-20

Rule 15c2-12 and (ii) shall be required to provide certain material events notices in accordance with Rule 15c2-12, and accordingly, the Authority (a) may be required to enter into a separate continuing disclosure agreement, and (b) shall be required to provide such material events notices under the terms of the Local Unit Continuing Disclosure Agreement, all in order to satisfy the secondary market disclosure requirements of Rule 15c2-12 (the “*Authority Continuing Disclosure Agreement*” and together with the Local Unit Continuing Disclosure Agreement and the County Continuing Disclosure Agreement, the “*Continuing Disclosure Agreements*”);

WHEREAS, in order to market and sell the Series 2010 Refunding Bonds, the Authority will have to (i) make an application (the “*Local Finance Board Application*”) to, and seek, obtain, and officially recognize the findings from the Local Finance Board (the “*Local Finance Board*”) in the Department of Local Government Services of the State Department of Community Affairs, all in accordance with N.J.S.A. 40A:5A-6, 7 and 8 of the Local Authorities Fiscal Control Law, which Local Finance Board Application, hearing and process shall also incorporate the requests on behalf of the Local Unit seeking certain approvals by the Local Finance Board regarding certain Public School Bond Law requirements related to the Series 2010 Local Unit Refunding Bond, (ii) authorize the distribution of a preliminary official statement “deemed final” within the meaning and for the purposes of Rule 15c2-12 describing the terms of the Series 2010 Refunding Bonds, the Series 2010 Project and the other transactions contemplated hereby (the “*Preliminary Official Statement*”), (iii) enter into a bond purchase agreement with an underwriter to be selected from the Authority’s qualified underwriter list procured through a fair and open process (the “*Underwriter*”) by the Authority (the “*Bond Purchase Agreement*”), (iv) execute and deliver a final Official Statement incorporating the terms of the sale of the Series 2010 Refunding Bonds and certain other information into the Preliminary Official Statement (the “*Official Statement*”), (v) obtain the Local Unit Official Action, (vi) cause the Local Unit to make certain representations, warranties and covenants concerning the Loan, the Series 2010 Local Unit Refunding Bond and the transactions contemplated hereby prior to their respective execution and delivery of the Series 2010 Local Unit Refunding Bond, but no later than the execution and delivery of the Bond Purchase Agreement (the “*Local Unit Letter of Representations*”) and (vii) cause the Local Unit to make certain representations, warranties and covenants concerning the Series 2010 Project, the Series 2010 Local Unit Refunding Bond, and the transactions contemplated hereby prior to their respective execution and delivery of the Series 2010 Local Unit Refunding Bond, but no later than the execution and delivery of the Bond Purchase Agreement, all in connection with preserving the exclusion of the interest of the Series 2010 Refunding Bonds from the gross income of the holders thereof for federal income tax purposes (the “*Local Unit Tax Certificate*” and together with the Preliminary Official Statement, the Bond Purchase Agreement, the Official Statement and the Local Unit Letter of Representations, the “*Sale Documents*”);

WHEREAS, the Authority shall have no obligation with respect to the Series 2010 Project other than the financing thereof; accordingly, the payment of the Series 2010 Local Unit Refunding Bond shall remain the sole responsibility of the Local Unit; and

Resolution #10-20

WHEREAS, in accordance with Section 13 (“*Section 13*”) of the Act (N.J.S.A. 40:37A-56), prior to the issuance of the Series 2010 Refunding Bonds, the Authority will have made a detailed report of the Series 2010 Project to the Board of Freeholders, which report will include, without limitation, descriptions of the Bond Resolution, the Local Unit Official Action, the Series 2010 Refunding Bonds, the Series 2010 Local Unit Refunding Bond, the County Guaranty, the Loan Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Agreements, and if necessary, desirable or convenient as determined by the Authority, the County, and as applicable, the Local Unit, such other applicable agreements that may include one or more of the Local Finance Board Application or any Sale Documents (collectively, the “*Financing Documents*”).

NOW, THEREFORE, BE IT RESOLVED by the members of The Morris County Improvement Authority as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.

Unless the context otherwise specifically requires or indicates to the contrary, the following terms as used in this Bond Resolution shall have the respective meanings set forth below. Terms used in this Bond Resolution and not otherwise defined shall have the meanings assigned to them in the hereinafter defined Loan Agreement.

“Account” shall mean any account established in any of the Funds established hereunder.

“Act” shall mean the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto.

“Additional Bonds” shall mean any bonds, other than the Series 2010 Refunding Bonds, authorized and issued pursuant to Section 2.04 hereof.

“Additional Loan Payment” shall mean any amount payable by the Local Unit under the terms of their Loan Agreement or this Bond Resolution other than Basic Loan Payments, including, without limitation, Administrative Expenses and any amounts payable at the Overdue Rate.

“Additional Project” shall mean the acquisition, construction, renovation or installation by the Authority of any public facilities unrelated to the Series 2010 Project (or the acquisition of additional Series 2010 Local Unit Refunding Bonds to accomplish such purpose), including, without limitation, all real and personal property and rights therein and any appurtenances that are necessary or useful and convenient therefor, through any combination of the issuance of Additional Bonds for use by the Local Unit pursuant to any supplement hereto, through the application of excess proceeds pursuant to Section 5.02 hereof or through an equity contribution of the Authority or the Local Unit.

“Administrative Expense Account” shall mean the Account within the Administrative Fund so designated and established by Article V hereof.

“Administrative Expenses” shall mean the expenses that are incurred by the Authority, the Local Unit, the County or their agents, counsel or other consultants, including the Administrative Fee, in carrying out any of their duties under any Financing Document, including, without limitation, accounting, administrative, financial advisory and legal expenses and the fees and expenses of the Trustee, the Paying Agent or any other fiduciaries or agents acting on behalf of the Authority under or pursuant to the terms of any Financing Document.

Resolution #10-20

“Administrative Fee” shall mean (A) with respect to the Series 2010 Refunding Bonds, the sum of \$_____ payable to the Authority from a portion of the proceeds of the Series 2010 Refunding Bonds that have been deposited in the Costs of Issuance Account of the Administrative Fund upon the issuance of the Series 2010 Refunding Bonds pursuant to Section 2.03(7)(a) hereof and (B) with respect to any Additional Bonds, the amount as set forth in a supplemental resolution authorizing such Additional Bonds.

“Administrative Fund” shall mean the Fund so designated and established by Article V hereof.

“Applicable” shall mean (i) with reference to any Fund or Account so designated and established by this Bond Resolution, the Fund or Account so designated and established, and (ii) with respect to any Series of Bonds, the Series of Bonds issued for a particular purpose hereunder.

“Architect” shall mean the individual or entity appointed or caused to be appointed by the Local Unit in accordance with the Local Public Contracts Law and any other applicable law, and any rules and regulations relating thereto and to which the Authority is subject, in connection with all or a portion of the Series 2010 Project providing for the acquisition, construction, renovation or installation of the Series 2010 Project and any successor thereto.

“Authority” shall mean The Morris County Improvement Authority, a public body corporate and politic of the State organized and existing under the Act and created by virtue of a resolution of the Board of Freeholders duly adopted on [_____] [1][15]0, 2002.

“Authorized Newspapers” shall mean (a) one newspaper that is customarily published and generally circulated at least once in each calendar week in the County, and (b) one newspaper that is customarily published in the Town of Manhattan, City and State of New York, at least once a day for a least five days (other than legal holidays) in each calendar week, each of which newspapers is printed in the English language; provided, however, that with respect to the redemption of Bonds, “Authorized Newspapers” shall refer only to the newspaper that is described in clause (b) of this definition.

“Authorized Officer” shall mean, (1) with respect to the Authority: the Chairperson, the Vice Chairperson, the Treasurer, the Secretary or the Chairperson of the Authority and, when used with reference to an act or document, also means any other person who shall be authorized by resolution or the by-laws of the Authority to perform such act or to execute such document or any other person or persons who shall be authorized by resolution of the Authority to act on behalf of the Authority or by a written certificate duly executed on behalf of the Authority by the Chairperson or by the Chairperson of the Authority, which certificate shall set forth such authorization and shall contain the specimen signatures of each such person; (2) with respect to the Local Unit: the person designated as an Authorized Officer in the Loan Agreement of the

Resolution #10-20

Local Unit or any other person or persons who shall be authorized to act on behalf of the Local Unit by virtue of a resolution, which resolution shall set forth such authorization; (3) with respect to the Trustee: any officer of the Trustee authorized by the Trustee to act or execute documents on behalf of the Trustee; and (4) with respect to the County: the Freeholder- Director of the County and, when used with reference to an act or document, also means any other person who shall be authorized by State statute, resolution, by-laws or Administrative Code of the County to perform such act or to execute such document or any other person or persons who shall be authorized by resolution of the County's Board of Chosen Freeholders to act on behalf of the County or by a written certificate duly executed on behalf of the County by the Freeholder-Director of the County, which certificate shall set forth such authorization and shall contain the specimen signatures of each such person.

“Base Rate” shall mean the rate of interest established by the Trustee from time to time as its reference rate in making loans, but it does not reflect the rate of interest charged to any particular class of borrowers and is not tied to any external rate of interest or index. The applicable rate will change automatically and immediately as of the date the Trustee changes its Base Rate, without notice to any party.

“Basic Loan Payment” shall mean, as of each Basic Loan Payment Date, (i) the amount set forth in Schedule B to Exhibit A to the Loan Agreement corresponding to such regularly scheduled Basic Loan Payment Dates and designated as a Basic Loan Payment, as the same may be restated in accordance with the terms of the Loan Agreement, consisting of a Principal Portion and an Interest Portion, and (ii) upon prepayment or acceleration, the payment of all or a portion of the Purchase Option Price or Mandatory Purchase Price as set forth in the Loan.

“Basic Loan Payment Date” shall mean (i) with respect to the Principal Portion of a Basic Loan Payment, one (1) month prior to any regularly scheduled Principal Payment Date as set forth in Schedule B to Exhibit A to the Loan Agreement or, if such date is not a Business Day, the Business Day next preceding such date, (ii) with respect to the Interest Portion of a Basic Loan Payment, one (1) month prior to any regularly scheduled Interest Payment Date as set forth in Schedule B to Exhibit A to the Loan Agreement or, if such date is not a Business Day, the Business Day next preceding such date, and (iii) with respect to a prepayment or acceleration, the date of payment of the Purchase Option Price or Mandatory Purchase Price, as the case may be.

“Board” shall mean the governing body of the Authority or, if said Board shall be abolished, the board, body, commission or agency succeeding to the principal functions thereof or to whom the powers and duties granted or imposed by this Bond Resolution shall be given by law.

“Board of Freeholders” shall have the meaning assigned to such term in the recitals to this Bond Resolution.

Resolution #10-20

“Bond” or “Bonds” shall mean any of the bonds of any Series issued pursuant to the terms of this Bond Resolution, including the Series 2010 Refunding Bonds, notes and any Additional Bonds, or any Bonds that are thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 4.07 or 11.10 hereof.

“Bond Counsel” shall mean any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exclusion of interest on bonds or other obligations issued by states and political subdivisions and duly admitted to the practice law before the highest court of any state.

“Bondholder” or “Holder” shall mean the Registered Owner of any Bond or Bonds.

“Bond Resolution” shall mean this resolution of the Authority authorizing the issuance of Bonds entitled “Resolution Authorizing the Issuance of County of Morris Guaranteed Loan Program Bonds, Series 2010 (Washington Board of Education Project) and Additional Bonds of The Morris County Improvement Authority”, as adopted by the Board on June 10, 2009, as amended by a Certificate of the Chairman of the Authority dated September 16, 2009 executed in connection with Section 2.02(1)(e) hereof, and all other amendments and supplements hereto adopted in accordance with the provisions hereof.

“Bond Year” shall mean a period of 12 consecutive months beginning on _____ 1 of any calendar year and ending on _____ 30 of the same calendar year, except that the first Bond Year shall be a period commencing on the date of issuance of the Series 2010 Refunding Bonds hereunder and ending on _____ 30, 201_.

“Business Day” shall mean, with respect to the Bonds of any Series, any day other than (i) a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the Principal Office of the Authority, the Trustee or the Paying Agent is located, are closed, or (ii) a day on which the New York Stock Exchange is closed.

“Capitalized Interest Account” shall mean the Account within the Debt Service Fund so designated and established by Article V hereof.

“Certificate”, “Order”, “Request”, “Requisition” and “Statement” shall mean, respectively, a written certificate, order, request, requisition or statement signed in the name of the Authority, the Local Unit, the Trustee or the Paying Agent. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

“Certificate of Completion and Acceptance” shall mean a certificate in the form attached as Exhibit B to the Loan Agreement executed by the Local Unit (a) stating that the Series 2010 Project, any Additional Project or any Completion Project (or a designated portion thereof) has

Resolution #10-20

been completed in accordance with the Plans and Specifications, (b) stating that the Series 2010 Project, any Additional Project or any Completion Project (or a designated portion thereof) has been accepted by the Local Unit, and (c) setting forth any other revision contemplated by Section 5.02 of this Bond Resolution.

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

“Completion Date” shall mean the date upon which the Authority and the Local Unit execute and deliver to the Trustee the Certificate of Completion and Acceptance that, together with any such certificates theretofore delivered by them, evidences acceptance of the entire Project, as the case may be, as at the time described in the Plans and Specifications.

“Completion Project” shall mean any additions, enlargements, improvements, expansions, repairs, restorations or reconstructions of the Series 2010 Project, any Additional Project or any Completion Project for use by the Local Unit pursuant to any supplement to the Loan Agreement, including, without limitation, all real and personal property and rights therein and any appurtenances that are necessary or useful and convenient therefor, through any combination of the issuance of Additional Bonds, the application of excess proceeds pursuant to Section 5.02 hereof or an equity contribution of the Authority or the Local Unit.

“Construction Contract” shall mean, in connection with the Series 2010 Project, any Additional Project or any Completion Project, as applicable, any construction contract in respect of the Series 2010 Project, any Additional Project or any Completion Project, as applicable, or any portion thereof by and between the Local Unit and any Contractors.

“Construction Fund” shall mean the Fund so designated and established by Article V hereof.

“Contractor” shall mean, in connection with the Series 2010 Project, any Additional Project or any Completion Project, as applicable, any contractor selected by the Local Unit to acquire, construct, renovate and install the Series 2010 Project, any Additional Project or any Completion Project, as applicable, in accordance with applicable State law, the Plans and Specifications, and shall also mean a construction management firm.

“Costs” shall mean and shall be deemed to include, together with any other proper item of cost that is not specifically mentioned herein, whether incurred prior to or after the date of the Loan Agreement, (a) the costs and expenses of the Authority or the Local Unit that are incurred for labor and materials and the payments to contractors, builders, materialmen or other persons in connection with the acquisition, construction, renovation and installation of any Project; (b) all costs associated with the temporary relocation of employees, students or agents and incurred as a consequence of the acquisition, construction, renovation or installation of any portion of any

Resolution #10-20

Project; (c) the cost of contract bonds and of insurance of any kind that may be required or that may be necessary during the course of the acquisition, construction, renovation and installation of any Project that is not paid by the Contractor(s) or that is otherwise provided for; (d) the costs and expenses of the Authority, if any, or the Local Unit for test borings, surveys, estimates, plans and specifications, including preliminary investigations therefor, and supervising construction, as well as for the performance of all other duties that are required by or that are consequent to the proper construction, acquisition, renovation and installation of any Project; (e) compensation and expenses of the Trustee, the Paying Agent and any other fiduciaries, financial advisory, legal, accounting, financial and printing expenses, and fees and all other Costs of Issuance that are incurred in connection with the issuance of the Bonds of any Series; (f) all other costs that the Authority, if any, or the Local Unit shall be required to pay under the terms of any Construction Contract(s) for the acquisition, construction, renovation or installation of any Project; (g) any sums that are required to reimburse the Authority or the Local Unit for any advances that are made by either of them for any of the above items, or for any other costs that are incurred for work that has been done by either or both of them; provided, however, that same is properly chargeable to any Project; (h) deposits in the appropriate Funds established by this Bond Resolution for the payment of interest on the Bonds and any required deposits in the Debt Service Fund or any other Fund or Account under this Bond Resolution; (i) the payment of any bonds, notes or other obligations of the Local Unit that have been issued to finance the payment of any item(s) of Cost of any Project (including any interest and redemption premiums); (j) the Administrative Expenses that are incurred in connection with the financing of any Project as set forth herein; and (k) such other expenses that are not specified herein and that may be necessary or incidental to the construction, acquisition, renovation and installation of any Project, the financing thereof and the placing of the same in use and operation. "Costs" shall also include the fees, costs and expenses incurred by any agent, counsel or other consultant of the Authority or the Local Unit for any of the above-mentioned items.

"Costs of Issuance" shall mean all items of expense directly or indirectly payable by or reimbursable to the Authority and/or the Local Unit and related to the authorization, execution, sale and delivery of any Series of Bonds, including, without limitation, bond insurance premiums, advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee and the Authority, fees to be paid to the underwriters of a particular Series of Bonds, legal fees of parties to the transaction and initial charges, and all other initial fees and disbursements contemplated by the Financing Documents.

"Costs of Issuance Account" shall mean the Account within the Administrative Fund so designated and established by Article V hereof.

"Counsel" shall mean an attorney or firm of attorneys (who may be, without limitation, of counsel to or an employee of the Trustee or the Paying Agent) duly admitted to the practice of law before the highest court of any state.

Resolution #10-20

“County” shall mean the geographic area comprising the County of Morris, New Jersey.

“County Guaranty” shall mean the guaranty ordinance adopted by the County and the guaranty certificate on the face of each Bonds so guaranteed by such guaranty ordinance, all pursuant to the provisions of Section 37 (N.J.S.A. 40:37A-80) of the Act, which fully, unconditionally and irrevocably guaranty the principal of and interest on the Bonds contemplated thereby.

“Debt Service Fund” shall mean the Fund so designated and established by Article V hereof.

“Default” shall mean an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default with respect to the Bonds.

“Draw Dates” shall mean those dates upon which the Local Unit as approved by the Authority as to form only, draws funds from the Construction Fund for payment of all or a portion of any Project as specified in the Draw Papers.

“Draw Papers” shall have the meaning ascribed to such term in Section 510(c) of the Loan.

“DTC” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Series 2010 Refunding Bonds.

“Event of Default” shall mean any occurrence or event designated as such in Section 9.01 hereof.

“Fund” shall mean any of the funds established hereunder.

“Fiduciary” or “Fiduciaries” shall mean the Trustee or the Paying Agent, or both of them, as may be appropriate.

“Financing Documents” shall have the meaning assigned to such term in the recitals to this Bond Resolution.

“General Fund” shall mean the Fund so designated and established by Article V hereof.

“Independent Counsel” shall mean an attorney or firm of attorneys duly admitted to the practice of law before the highest court of the State who is not a full-time employee of the Authority, the Local Unit or the County or an assignee thereof and may include Bond Counsel.

“Independent Public Accountant” shall mean an independent accounting firm that is

Resolution #10-20

appointed by the Authority, the County or the Local Unit, as the case may be, for the purpose of examining and reporting on or passing on questions relating to the financial statements of the Authority, the County or the Local Unit, as the case may be, and that has all certifications necessary for the performance of such services, has a favorable reputation for skill and experience in performing similar services with respect to entities of a comparable size and nature, and is not unsatisfactory to the Authority.

“Interest Account” shall mean the Account within the Debt Service Fund so designated and established by Article V hereof.

“Interest Payment Date” shall mean the dates on which interest on the Bonds is required to be paid to the Holders thereof, which, with respect to the Series 2010 Refunding Bonds, shall be the first day of each [_____] [1][15] and [_____] [1][15] until final maturity of the Series 2010 Refunding Bonds, commencing [_____] [1][15], 2010, or the date of any redemption or acceleration of the Series 2010 Refunding Bonds.

“Interest Portion” shall mean, with respect to Basic Loan Payments due on any regularly scheduled Basic Loan Payment Date, the interest on the Bonds due and owing on the immediately succeeding regularly scheduled Interest Payment Date thereof, as set forth in Exhibit A to the Loan Agreement, less any credits and amendments thereto as contemplated by the Loan.

“Investment Securities” shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of the Authority’s funds:

(i) cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal of and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS or defeased municipal bonds rated in the highest rating category by the Rating Agencies;

(ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state or of any agency or instrumentality of any such local governmental unit (a) that are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) that are secured as to principal, interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character in clause (i)

Resolution #10-20

above that have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) bonds, debentures or other evidences of indebtedness issued or guaranteed by any agency or corporation that has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;

(iv) new housing authority bonds issued by public agencies or municipalities that are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities that are fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) direct, general obligations of any state of the United States of America, the payment of the principal of and interest on which the full faith and credit of such state is pledged; provided, however, that at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by the Rating Agencies;

(vi) obligations of any state of the United States of America or any political subdivision thereof or of any agency or instrumentality of any such state or political subdivision that shall be rated in the highest short- or long-term rating category by the Rating Agencies;

(vii) direct and general obligations of the State, the payment of the principal of and interest on which the full faith and credit of the State is pledged; or any bonds or other obligations the payment of the principal of and interest on which are unconditionally guaranteed by the State;

(viii) certificates or other instruments that evidence ownership of the right to payments of principal of or interest on obligations of any state of the United States of America or any political subdivision thereof or of any agency or instrumentality of any such state or political subdivision; provided, however, that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under Section 10.09 hereof; and provided, further, that the payments of all principal of and interest on such obligations shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations that shall be rated in the highest short- or long-term rating category by the Rating Agencies, or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bonds, such insurance policy shall result in such municipal bonds being

Resolution #10-20

rated in the highest rating category by the Rating Agencies;

(ix) certificates that evidence ownership of the right to payments of principal or interest on obligations described in clause (i) above; provided, however, that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under Section 10.09 hereof;

(x) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of any of the fifty (50) largest banks by measure of total assets, which banks may include the Trustee, that are rated not lower than the second highest rating category by the Rating Agencies;

(xi) commercial paper, other than that issued by bank holding companies, rated at the date of investment in the highest rating category by the Rating Agencies;

(xii) any repurchase agreement that, by its terms, matures not later than one (1) year from its date of execution with any bank or trust company organized under the laws of any state of the United States of America or any national banking association, including the Trustee, or any government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clause (i), (iii), (iv), (x) or (xi) above and which securities shall at all times have a market value (exclusive of accrued interest) of not less than one hundred two percent (102%) of the full amount of the repurchase agreement, have dates of maturity not in excess of seven (7) years, and be delivered to another bank or trust company organized under the laws of any state of the United States of America or national banking association, as custodian;

(xiii) shares of an investment company organized under the Investment Company Act of 1940, as amended, including any investment company for which the Trustee is investment advisor, that invests its assets substantially in obligations of the type described in clause (ii), (vii), (xi) or (xii) above; and

(xiv) interests in the State of New Jersey Cash Management Fund or other similar common trust fund for which the State Treasurer is the custodian.

"Loan Agreement" shall have the meaning set forth in the preambles hereof.

"Loan Payments" shall mean the Basic Loan Payments, the Additional Loan Payments and all other amounts due and owing with respect to the Loan Agreement, including, without limiting the generality of the foregoing, prepayments, insurance proceeds and condemnation proceeds.

"Mandatory Purchase Price" shall have the meaning ascribed to such term in Section 702 of the Loan Agreement, which amount shall equal the principal and redemption premium, if any,

Resolution #10-20

of and the interest on the Bonds on any date of acceleration.

“Net Proceeds” shall mean any insurance, condemnation, performance bond or any other financial guaranty proceeds paid with respect to the Project remaining after payment therefrom of all expenses incurred in the collection thereof; and, with respect to insurance, if and at such time as the Local Unit elects to provide self-insurance under the Loan Agreement, any moneys payable from any self-insurance fund of the Local Unit that may lawfully be expended for the purposes for which such self-insurance is provided.

“Outstanding” shall mean, when used with reference to Bonds of any Series, as of any particular date (subject to the provisions of Section 13.08 hereof), all Bonds of such Series theretofore, or thereupon being, authenticated and delivered by the Trustee under this Bond Resolution, except (i) Bonds of such Series theretofore or thereupon canceled by the Trustee or surrendered to the Trustee for cancellation, (ii) Bonds of such Series with respect to which all liability of the Authority shall have been discharged in accordance with Article XII hereof, and (iii) Bonds of such Series in lieu of or in substitution for which other Bonds of such Series shall have been authenticated and delivered by the Trustee pursuant to any provision of this Bond Resolution.

“Overdue Rate” shall mean 2% per annum over the Base Rate, which rate will change automatically and immediately as of the date the Trustee changes its Base Rate, without notice to any party.

“Owner” or “Registered Owner” of a Bond shall mean the registered owner of such Bond as shown on the register kept by the Trustee pursuant to Section 3.04 of this Bond Resolution.

“Paying Agent” shall mean the Paying Agent appointed pursuant to Section 10.02 hereof and its successors.

“Permitted Encumbrances” shall mean, as of any particular time:

(a) undetermined liens and charges that are incident to the construction or maintenance of any Project and any liens and charges that are incident to the construction or maintenance of any Project that are now or hereafter filed on record and that are being contested in good faith and that have not proceeded to judgment; provided, however, that the Authority and/or the Local Unit shall have set aside adequate reserves with respect thereto;

(b) the liens of taxes and assessments that are not delinquent;

(c) the liens of taxes and assessments that are delinquent, but the validity or amount of which is being contested in good faith and with respect to which the Authority and/or the Local Unit shall have set aside adequate reserves, unless the Authority shall notify the Local Unit that, in the opinion of Independent Counsel, by nonpayment of any such items, any Project

Resolution #10-20

and/or the interest of the Authority therein may be in danger of being lost or forfeited;

(d) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroads, drains, sewers, dikes, canals, materials, ditches, the removal of oil, gas, coal or other minerals and other like purposes, or for the joint or common use of real property, facility and equipment, that, in the opinion of Independent Counsel, do not materially impair the use of any Project for the purposes for which it is or may reasonably be expected to be held;

(e) any obligations or duties affecting any portion of any Project of any municipality or governmental or other public authority with respect to any right, power, franchise, grant, license or permit;

(f) zoning laws and ordinances;

(g) the pledge of the Trust Estate under this Bond Resolution;

(h) the interest of the Trustee created pursuant to this Bond Resolution;

(i) the rights created under the Loan;

(j) any purchase money security interests or other chattel mortgages granted with respect to any personalty, other than equipment, acquired by the Authority and/or the Local Unit for use in or about any Project, as permitted by the Loan; and

(k) any other liens or encumbrances agreed to in writing by the Authority.

“Plans and Specifications” shall mean the architectural and engineering drawings and specifications prepared by the Architect describing the Series 2010 Project, any Additional Project or any Completion Project.

“Principal Account” shall mean the Account within the Debt Service Fund so designated and established by Article V hereof.

“Principal Office” shall mean, when used with reference to the Authority, the Trustee or the Paying Agent, the respective addresses of such parties as set forth in Section 13.07 hereof and any further or different addresses as such parties may designate pursuant to Section 13.07 hereof.

“Principal Payment Date” shall mean the dates on which the principal or Sinking Fund Installments of the Bonds is required to be paid to the Holders thereof as set forth in this Bond Resolution, which, with respect to the Series 2010 Refunding Bonds, shall be the dates set forth in Section 2.03(2) hereof, or the date of any redemption or acceleration of the Series 2010

Resolution #10-20
Refunding Bonds.

“Principal Portion” shall mean, with respect to Basic Loan Payments due on any regularly scheduled Basic Loan Payment Date, the principal or Sinking Fund Installments of the Bonds due and owing on the immediately succeeding regularly scheduled Principal Payment Date thereof, as set forth in Exhibit A to the Loan Agreement, less any credits and amendments thereto as contemplated by the Loan.

“Proceeds” shall mean the aggregate moneys paid to the Trustee by the initial purchasers of the Series 2010 Refunding Bonds or any Series of Additional Bonds, including any accrued interest on the Series 2010 Refunding Bonds or any Series of Additional Bonds, which may be net of any applicable underwriter’s or original issue discount with respect to the Series 2010 Refunding Bonds or any Series of Additional Bonds.

“Project” shall mean, collectively, the Series 2010 Project, any Additional Project and any Completion Project, as set forth in any amended Exhibit A to the Loan Agreement in accordance with the terms thereof, to be financed in whole or in part under the Loan; provided, however, that a portion of any such Project may no longer be deemed a part of such Project as such applicable portions of the Project are released from the Loan Agreement as provided therein.

“Purchase Option Price” shall have the meaning ascribed to such term in Section 701 of the Loan Agreement, which amount shall equal the principal and redemption premium, if any, of and the interest on the Bonds on any date of redemption.

“Rating Agency” shall mean individually or collectively, as the case may be, Standard & Poor’s Ratings Group and/or Moody’s Investors Service, or any other nationally recognized rating agency that has rated the Series 2010 Refunding Bonds or any Series of Additional Bonds, which rating was sought and/or purchased by the Authority.

“Rebatable Arbitrage” shall mean the amount required to be rebated to the United States of America pursuant to Section 148(f)(2) of the Code or successor provisions applicable to any Series of Tax-exempt Bonds.

“Rebate Computation Date” shall mean, with respect to a Series of Tax-exempt Bonds, the date forty-five (45) days subsequent to the end of each fifth Rebate Year and the date forty-five (45) days subsequent to the retirement of the last obligation of such Series of Tax-exempt Bonds or such earlier dates as selected by the Authority in the Tax Certificate with respect to any such Series of Tax-exempt Bonds.

“Rebate Expert” shall mean any of the following chosen by the Local Unit: (a) Bond Counsel, (b) any Independent Public Accountant approved by the Authority, (c) any reputable firm approved by the Authority that offers to the tax-exempt bond industry rebate calculation

Resolution #10-20

services and that holds itself out as having expertise in that area, or (d) such other person or firm approved by Bond Counsel.

“Rebate Fund” shall mean the Fund so designated and established by Article V hereof.

“Rebate Year” shall mean, with respect to a Series of Tax-exempt Bonds, each 1-year period (or shorter period from the date of issuance) that ends at the close of business on the day in the calendar year that is selected by the Authority. If no day is selected by the Authority before the earlier of the final maturity date of a Series of Tax-exempt Bonds or the date that is 5 years after the date of issuance of such Series of Tax-exempt Bonds, each Rebate Year with respect to that Series of Tax-exempt Bonds ends at the close of business on the day preceding the anniversary of the date of issuance of that Series of Tax-exempt Bonds.

“Record Date” shall mean, with respect to an Interest Payment Date for a particular Series of Bonds, unless otherwise provided by this Bond Resolution or the Supplemental Resolution authorizing such Series, the fifteenth (15th) day (whether or not such day shall be a Business Day) of the month preceding such Interest Payment Date.

“Redemption Price” shall mean, when used with reference to any Bond or portion thereof, the principal amount of such Bond or portion thereof and any premium thereon payable upon redemption thereof pursuant to the provisions of such Bond and this Bond Resolution.

“Reserved Rights” shall mean the Authority’s (i) right to receive the Administrative Fee and amounts payable under the Loan Agreement at the Overdue Rate, (ii) right to receive notices provided for in the Loan Agreement, (iii) right to appoint, replace or remove such parties as shall be appointed, replaced or removed under the Financing Documents at the direction of the Authority, and (iv) right to give or withhold consent permitted or required of the Authority under the Financing Documents and to consent to or withhold consent to amendments to the Financing Documents, to the extent that any such consent or amendment would diminish the rights or enlarge the responsibilities or adversely affect the ability of the Authority to realize or perform same, respectively, or increase the Authority’s potential liability or exposure to any party to such documents or to any third party as a result thereof.

“Revenues” shall mean (i) all Loan Payments and (ii) any investment income that is derived from the investment of any moneys held by the Trustee pursuant to the terms of this Bond Resolution and that are deposited in any Funds and Accounts established hereunder, except for any moneys deposited in the Administrative Fund and the Rebate Fund.

“Revenue Fund” shall mean the Fund so designated and established by Article V hereof.

“Series” shall mean all of the Bonds authenticated and delivered upon original issuance and identified pursuant to this Bond Resolution or the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu

Resolution #10-20

of or in substitution for such Bonds pursuant to Article III or Section 4.07 or 11.10 hereof, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“Series 2010 Refunding Bonds” shall mean the not to exceed \$14,000,000 aggregate principal amount of the Authority’s “County of Morris Guaranteed Loan Program Bonds, Series 2010 (Washington Board of Education Project)” bearing interest at the rates and maturing at the times set forth in Section 2.03 hereof.

“Series 2010 Project” shall have the meaning set forth in the preambles hereof.

“Sinking Fund Installments”, with respect to any Series of Bonds, shall have the meaning, if any, specified in either this Bond Resolution, including, without limitation, Section 2.03(6) hereof, or the Applicable Supplemental Resolution.

“State” shall mean the State of New Jersey.

“Supplemental Resolution” shall mean any resolution or resolutions of the Authority amending, modifying or supplementing this Bond Resolution, authorizing the issuance of a Series of Bonds, or any other Supplemental Resolution adopted by the Authority pursuant to the provisions of this Bond Resolution.

“Tax Certificate”, with respect to the Series 2010 Refunding Bonds and any Series of Additional Bonds, if applicable, shall mean the Tax Certificate relating to Section 103 and 148 of the Code executed and delivered by an Authorized Officer of the Authority on the date of issuance of any such Series of Tax-exempt Bonds, as the same may be supplemented and amended from time to time.

“Tax-exempt Bonds” shall mean the Series 2010 Refunding Bonds and any Series of Additional Bonds with respect to which an opinion of Bond Counsel is delivered to the effect that interest on such Series of Bonds is excluded from gross income pursuant to Section 103 of the Code.

“Trustee” shall mean the trustee appointed pursuant to Section 10.01 hereof and its successor or successors and any other corporation that may at any time be substituted in its place pursuant to this Bond Resolution.

“Trust Estate” shall mean all right, title and interest of the Authority in, to and under (i) the Revenues, (ii) all moneys and securities held in any Funds or Accounts established hereunder with respect to the Bonds (except for the Administrative Fund and the Rebate Fund), (iii) any other moneys or securities to be set aside pursuant to the terms of this Bond Resolution and pledged to the Owners of the Bonds of any Series, (iv) principal of and interest on the Series 2010 Local Unit Refunding Bond, (v) payments under the County Guaranty, (vi) any and all Improvements financed by the Local Unit in accordance with the Loan Agreement and (vii) the

Resolution #10-20

Loan Agreement (but none of its obligations under the Loan Agreement and also excluding the Reserved Rights against the Local Unit), including, without limitation, other amounts required to be paid by the Local Unit under the Loan Agreement and under any other documents executed and delivered in connection with the Loan Agreement and the Series 2010 Project.

SECTION 1.02. Rules of Interpretation.

For all purposes of this Bond Resolution, except as otherwise expressly provided or unless the context otherwise requires:

(a) “This Bond Resolution” means this instrument as originally adopted and as it may be supplemented, modified or amended from time to time by the Certificate of an Authorized Officer of the Authority referred to in Section 2.02(1)(e) hereof or by any Supplemental Resolution, unless in the case of any one or more Supplemental Resolutions the context requires otherwise.

(b) All reference in this Bond Resolution to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Bond Resolution. The words “herein”, “hereof”, “hereunder” and “herewith” and other words of similar import refer to this Bond Resolution as a whole and not to any particular Article, Section or other subdivision hereof.

(c) The terms defined in this Bond Resolution include the plural as well as the singular.

(d) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(e) The table of contents and the headings or captions used in this Bond Resolution are for convenience of reference only and shall not define, limit or prescribe any of the provisions hereof or the scope or intent hereof.

SECTION 1.03. Authority for Bond Resolution.

This Bond Resolution is adopted pursuant to the provisions of the Act, and constitutes a resolution authorizing bonds pursuant to the Act. The adoption of this Bond Resolution by the governing body of the Authority shall provide an initial appropriation in the amount of \$4,618,000, which appropriation, upon issuance of a Series of Bonds, shall automatically be reduced (without any further action of the Authority) to the aggregate principal amount of Bonds issued and Outstanding (but not in excess of such maximum appropriation amount). Accordingly, the Authority shall be, and hereby is, authorized by applicable law to contract for and spend money on the Series 2010 Project, and other matters related to the Series 2010 Project, in an aggregate amount not to exceed such maximum appropriation.

SECTION 1.04. Bond Resolution and Bonds Constitute a Contract; Pledge of Trust Estate.

With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under this Bond Resolution by those who shall hold the same from time to time: (i) this Bond Resolution and the Bonds issued hereunder shall be deemed to be and shall constitute a contract by and among the Authority, the Trustee and the Holders, from time to time, of such Bonds; (ii) the pledge made herein to the Trustee to pay its fees and expenses shall in every respect be subordinate to the pledge made herein to the Trustee for the benefit of the Holders of the Bonds, except that Bondholders shall have no interest in and shall not be secured by the Administrative Fund and the Rebate Fund; (iii) the pledge made herein and the duties, covenants, obligations and agreements set forth herein to be observed and performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise, except as expressly provided herein or permitted hereby; (iv) the Authority, as security for the payment of the principal and Redemption Price, if any, of and the interest on the Bonds and as security for the observance and performance of any other duty, covenant, obligation or agreement of the Authority under this Bond Resolution, all in accordance with the provisions thereof and hereof, does hereby grant a security interest in and further does grant, bargain, sell, convey, pledge, assign and confirm to the Trustee the Trust Estate; (v) notwithstanding any other provision to the contrary herein, that portion of the pledge made in clause (iv) of this Section 1.04 to secure the payment of any redemption premium payable hereunder shall not include clause (iv) of the definition of "Trust Estate"; (vi) the pledge made hereby is valid and binding from the time when the pledge is made, and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and regardless of whether held by the Trustee, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof; and (vii) the Bonds shall be special obligations of the Authority payable from and secured solely by a pledge of the Trust Estate as provided hereby.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 2.01. Authorization of Bonds; Designation of Bonds of Series.

1. This Bond Resolution authorizes three series of Bonds of the Authority to be designated as “County of Morris Guaranteed Loan Program Bonds, Series 2010 (Washington Board of Education Project)”, which may be issued in one or more Series. The aggregate principal amount of the Bonds that may be executed, authenticated and delivered under this Bond Resolution is not limited except as may hereafter be provided in this Bond Resolution or as may be limited by law.

2. The Bonds may, if and when authorized by the Authority pursuant hereto or pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name “County of Morris Guaranteed Loan Program Bonds, Series ____ (Washington Board of Education Project)”, shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Neither the State, the Local Unit (except to the extent of the Loan Payments), the County (except to the extent of the County Guaranty) nor any political subdivision thereof, other than the Authority (but solely to the extent of the Trust Estate), is obligated to pay the principal or Redemption Price, if any, of or the interest on the Bonds, and neither the full faith and credit nor the taxing power of the State, the Local Unit (except to the extent of the Loan Payments), the County (except to the extent of the County Guaranty) or any political subdivision thereof, including the Authority (which has no taxing power), is pledged to the payment of the principal or Redemption Price, if any, of or the interest on the Bonds.

SECTION 2.02. General Provisions for Issuance of Bonds.

1. All (but not less than all) of the Bonds of each Series shall be executed by the Authority for issuance under this Bond Resolution and delivered to the Trustee, and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

(a) A copy of this Bond Resolution, certified by an Authorized Officer of the Authority.

(b) In the case of each Series of Additional Bonds, (1) a copy of the Supplemental Resolution authorizing such Series of Additional Bonds, certified by an Authorized Officer of the Authority, which shall, among other provisions, specify: (i) the authorized principal amount,

Resolution #10-20

designation and Series of such Additional Bonds; (ii) the purposes for which such Series of Additional Bonds are being issued, which shall be one of the purposes set forth in Section 2.04 hereof; (iii) the dated date and the maturity date or dates of such Series of Additional Bonds; (iv) the interest rate or rates of such Series of Additional Bonds and the initial Interest Payment Date therefor, provided that the interest rate shall be identical for all such Additional Bonds of like maturity; (v) the denominations of and the manner of dating, numbering and lettering such Series of Additional Bonds, provided that such Additional Bonds shall be in denominations of \$5,000 or any integral multiple thereof as authorized by such Supplemental Resolution; (vi) the Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of and the interest on such Series of Additional Bonds; (vii) the Redemption Price or Prices, if any, and, subject to Article IV hereof, the redemption terms for such Series of Additional Bonds; (viii) the amount and due date of each Sinking Fund Installment, if any, for such Series of Additional Bonds of like maturity; (ix) the form of such Series of Additional Bonds and the Trustee's certificate of authentication, which shall be substantially in the form set forth in Section 14.01 hereof for the Series 2010 Refunding Bonds, with such variations, insertions or omissions as are appropriate and not inconsistent therewith; and (x) the provisions for the application of the proceeds of such Series of Additional Bonds; and (2) such other items required pursuant to the provisions of Section 2.05 hereof.

(c) An opinion of Bond Counsel to the effect that (i) the Authority has the right and power under the Act, as amended to the date of such opinion, to adopt this Bond Resolution; this Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, and constitutes a valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms; and no other authorization for this Bond Resolution is required; (ii) this Bond Resolution creates the valid pledge that it purports to create of the Trust Estate, subject only to the provisions of this Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Resolution; and (iii) the Authority is duly authorized and entitled to issue the Bonds of such Series; such Bonds have been duly and validly authorized and issued by the Authority in accordance with all applicable law, including the Act, as amended to the date of such opinion, and this Bond Resolution; and such Bonds constitute the valid and binding obligations of the Authority as provided in this Bond Resolution, enforceable against the Authority in accordance with their terms and the terms of this Bond Resolution, and are entitled to the benefits of the Act, as amended to the date of such opinion, and this Bond Resolution. Such opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and judicial discretion, and may state that no opinion is being rendered as to the availability of any particular remedy.

(d) A written order to the Trustee as to the delivery of such Bonds, signed by an Authorized Officer of the Authority.

(e) Notwithstanding any other provision to the contrary herein, in the case of the Series 2010 Refunding Bonds, a Certificate of an Authorized Officer of the Authority setting

Resolution #10-20

forth (i) all of the items applicable to the Series 2010 Refunding Bonds that are detailed in subsection (b) above with respect to a Series of Additional Bonds, (ii) whether the Series 2010 Refunding Bonds will be issued in one or more Series, and as notes or bonds, (iii) the final pricing terms, including interest rates, principal amortization and Sinking Fund Installments, payment dates and terms of redemption of the Series 2010 Refunding Bonds, (iv) the entities that shall constitute the Trustee, and the Paying Agent, (v) the final terms of the Loan Agreement, and (vi) subject to the parameters set forth in the definition of Series 2010 Refunding Bonds and the terms set forth in the Authority's application to the Local Finance Board in the Division of Local Government Services of the Department of Community Affairs dated May 20, 2009 with respect to the Series 2010 Refunding Bonds and upon the advice of the Authority's Counsel and professional advisors, the addition to, deletion from or modification of any provision of this Bond Resolution as originally adopted on June 10, 2009, the contents of which Certificate may be incorporated in this Bond Resolution without compliance with any other provision herein, including, without limitation, Article XI hereof. The Authorized Officer executing any such Certificate shall report the substance of such Certificate to the Board at the Board's next public meeting.

(f) Such further documents, moneys and securities as are required by the provisions of Section 2.03 or 2.04 or Article XI hereof or by any Supplemental Resolution adopted pursuant to Article XI hereof.

2. All the Bonds of each such Series of like maturity shall be identical in all respects, except as to denominations, numbers and letters. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Section 4.07 or 11.10 hereof.

SECTION 2.03. Series 2010 Refunding Bonds.

1. A Series of Bonds entitled to the benefit, protection and security of this Bond Resolution is hereby authorized in the aggregate principal amount of not to exceed \$14,000,000 for the purpose of acquiring, constructing, renovating and installing the Project as set forth in and in accordance with the terms of the Loan Agreement. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "County of Morris Guaranteed Loan Program Bonds, Series 2010[]".

2. The Series 2010 Refunding Bonds shall be dated, and shall bear interest from, ____, 2010 on the basis of a 360-day year consisting of twelve 30-day months, and shall otherwise be payable as provided in Section 3.01 hereof. The Series 2010 Refunding Bonds shall mature on the dates and in the principal amounts, and shall bear interest payable semiannually on [____] [1][15] and [____] [1][15] in each year, commencing [____] [1][15], 2010, at the respective rates per annum, shown below:

Resolution #10-20

[_____] [1][15]		Amount	Interest	[_____] [1][15]	
<u>Maturing</u>	<u>Rate</u>		<u>Rate</u>	<u>Amount</u>	<u>Interest</u>
2010	\$____,000	_.00%	2017	\$____,000	_.00%
2011	____,000	_.00	2018	____,000	_.00
2012	____,000	_.00	2019	____,000	_.00
2013	____,000	_.00	2020	____,000	_.00
2014	____,000	_.00	2021	____,000	_.00
2015	____,000	_.00	2022	____,000	_.00
2016	____,000	_.00	2023	____,000	_.00

3. The Series 2010 Refunding Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. Unless the Authority shall otherwise direct, the Series 2010 Refunding Bonds shall be lettered and numbered from one upward in order of their maturity preceded by the letter “R” and such other letter as determined by the Trustee prefixed to the number. Subject to the provisions of this Bond Resolution, the form of the Series 2010 Refunding Bonds and the Trustee’s certificate of authentication shall be substantially in the form set forth in Section 14.01 hereof.

4. The principal and Redemption Price, if any, of the Series 2010 Refunding Bonds shall be payable at the Principal Office of [____], as Paying Agent. The principal and Redemption Price, if any, of all Series 2010 Refunding Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by this Bond Resolution. Interest on the Series 2010 Refunding Bonds shall be payable by check or draft of the Paying Agent mailed or transmitted to the Holders thereof as the same appear as of the Record Date on the books of the Authority maintained by the Trustee. However, so long as the Series 2010 Refunding Bonds are held in book-entry form pursuant to Section 2.06 hereof, the provisions of said Section 2.06 shall govern payment of the principal and Redemption Price, if any, of and the interest on the Series 2010 Refunding Bonds.

5. The Series 2010 Refunding Bonds maturing on or before [____] [1][15], 2020 shall not be subject to redemption prior to their respective maturity dates. The Series 2010 Refunding Bonds maturing on and after [____] [1][15], 2021 shall be subject to redemption prior to their respective maturity dates, on or after [____] [1][15], 2020 at the direction of Washington, upon notice as herein described, either in whole at any time, or in part on any Interest Payment Date, at a redemption price equal to 100% of the principal amount to be redeemed (the “Redemption Price”), plus interest accrued to the date of redemption.

6. Reserved.

Resolution #10-20

7. \$_____ consisting of (par amount of not to exceed \$14,000,000, less an Underwriter's discount in the amount of \$____, plus/minus original issue discount/premium of \$_____), shall be received by the Trustee and applied simultaneously with the delivery of such Series 2010 Refunding Bonds as follows:

(a) There shall be deposited in the Costs of Issuance Account in the Administrative Fund an amount equal to \$_____ for application to the payment of certain Costs of Issuance incurred in connection with the issuance of the Series 2010 Refunding Bonds, including, without limitation, the Authority's initial Administrative Fee of \$_____.

(b) The remaining balance of the proceeds of the Series 2010 Refunding Bonds in the amount of \$_____ shall be deposited in the Purchase Account of the Construction Fund for the subsequent wire to the account of the Local Unit for the purchase of the not to exceed \$14,000,000 aggregate principal amount of Series 2010 Local Unit Refunding Bonds in accordance with the wire instructions provided by the Local Unit.

8. Upon the authentication and delivery of the Series 2010 Refunding Bonds, the Authority shall furnish to the Trustee:

(a) A Certificate of an Authorized Officer of the Authority, pursuant to Section 148 of the Code, in form and substance satisfactory to Bond Counsel, setting forth the expectations of the Authority on the date of such authentication and delivery as to future events, and such Certificate shall set forth the facts and estimates upon which such expectations are based and shall state that, to the best knowledge and belief of such Authorized Officer, the Authority's expectations are reasonable.

(b) An opinion of Bond Counsel to the effect that, under existing law, (i) interest on the Series 2010 Refunding Bonds is excluded from gross income for federal income tax purposes and (ii) interest on the Series 2010 Refunding Bonds and any gain on the sale thereof are excluded from gross income for purposes of the New Jersey Gross Income Tax Act.

(c) Opinions of Counsel to the effect that each of the Authority and the Local Unit has the right and power under the Act, as amended to the date of such opinion, and any other applicable law to enter into the Loan Agreement; the Loan Agreement has been duly and lawfully authorized and executed by the Authority and the Local Unit, is in full force and effect, and is valid and binding upon the Authority and the Local Unit, enforceable against the Authority and the Local Unit in accordance with its terms; and no other authorization for the Loan Agreement is required. Such opinions may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and judicial discretion, and may state that no opinion is being rendered as to the availability of any particular remedy, but that such limitations do not make the rights and remedies of the Bondholders, taken

Resolution #10-20

as a whole, inadequate for the practical realization of the benefits of the Loan Agreement.

SECTION 2.04. Purposes, Authorization and Description of Additional Bonds.

1. After the execution, authentication and delivery of the Series 2010 Refunding Bonds, Additional Bonds of the Authority may be authorized to be issued pursuant to and in accordance with the terms of the Act either (a) to raise funds to pay the cost of the acquisition, construction, renovation or installation of part or parts of an Additional Project, including any deposit or increase into any Fund or Account that has been established by the terms of this Bond Resolution and that is incidental thereto or is deemed by the Authority to be necessary in connection therewith, (b) to refund any Bonds (including Additional Bonds) of the Authority, (c) to raise funds for any Completion Project or (d) acquire additional Series 2010 Local Unit Refunding Bonds for any purpose set forth in subsections (a), (b) and (c) of this Section 2.04.

2. Any Series of Additional Bonds of the Authority shall be issued only after the authorization thereof by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series of Additional Bonds. Such Supplemental Resolution shall state the purpose or purposes for which such Additional Bonds are being issued and shall direct the application of the proceeds that are to be derived from the sale of such Additional Bonds to such purpose or purposes and the execution and authentication thereof. Such Supplemental Resolution shall fix and determine the date, principal amounts, denominations, designation and numbers thereof, the rate or rates of interest or maximum rate of interest to be borne thereby, the place or places of payment therefor, the redemption privileges of the Authority, if any, with respect thereto, the amount and date of each Sinking Fund Installment, if any, for the retirement of any Bonds and any other provisions thereof, all in accordance with the terms of this Bond Resolution. Upon such authorization, such Additional Bonds may, upon initial issuance, at one time or from time to time, be executed by or on behalf of the Authority and delivered to the Trustee for authentication by the Trustee as provided in this Bond Resolution, and thereafter such Additional Bonds shall be authenticated by the Trustee upon original issuance and, upon fulfillment of the applicable conditions set forth in Section 2.05 hereof, shall be delivered by the Trustee to the Authority or upon its order.

3. All Additional Bonds shall be substantially in the form and tenor of Bonds as provided in Section 14.01 hereof, except that, notwithstanding any other provision contained in this Bond Resolution to the contrary, such Bonds shall be issued in such principal amounts, shall be of such denominations, shall bear such dated date and such maturity dates, shall bear such designation as to Series, numbers or symbols prefixed to their numbers distinguishing them from each other Bond, shall be subject to redemption prior to their maturity on such terms and conditions that are consistent with the provisions of this Bond Resolution, shall bear interest at such rate or such different or varying rates of interest per annum, and shall be payable at such time or times as may be fixed by the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds or by a Supplemental Resolution of the Authority duly

Resolution #10-20

adopted prior to the authentication and delivery of such Additional Bonds, as the case may be.

4. All Additional Bonds that are authorized by any Supplemental Resolution of the Authority shall constitute Bonds of a single Series. No bonds, notes or other obligations of the Authority shall constitute Additional Bonds unless they are authenticated by the Trustee as provided in this Bond Resolution, nor shall such Additional Bonds be entitled to any right or benefit under the terms of this Bond Resolution unless they are so authenticated, and no Additional Bond shall be valid and obligatory for any purpose of this Bond Resolution unless said Additional Bond shall have been so authenticated.

5. After their authentication and delivery by the Trustee upon original issuance, all Additional Bonds shall for all purposes hereof be deemed to constitute Bonds, shall be entitled to the pledge of the Trust Estate provided by this Bond Resolution, and shall have equal rank with the Outstanding Series 2010 Refunding Bonds and any Outstanding Additional Bonds previously authenticated and delivered, and such Additional Bonds shall be entitled to the security and benefit of such pledge and of the provisions of this Bond Resolution.

6. If Additional Bonds are issued that pay interest on dates different from the Interest Payment Dates of Bonds then Outstanding, there shall be no requirement that, on an Interest Payment Date of any Bond, the Trustee establish reserves for the benefit of the Holder of any other Bond on which interest is not then being paid unless provided herein or under the terms of any Supplemental Resolution.

SECTION 2.05. Conditions Precedent to Issuance of Additional Bonds.

1. The Trustee shall not authenticate or deliver upon original issuance any Additional Bonds to the Authority or upon its order, unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee, among other things, the following:

(a) Copies of this Bond Resolution and the Supplemental Resolution of the Authority, certified by an Authorized Officer of the Authority, authorizing the issuance of such Additional Bonds, stating the purpose or purposes for the issuance of such Additional Bonds and otherwise conforming with the provisions of Section 2.04 hereof; and if such Additional Bonds are authorized for any purpose other than the refunding of Bonds, such Supplemental Resolution shall describe in brief and general terms the Additional Project or Completion Project to be financed by the issuance of such Additional Bonds.

(b) A copy of any Supplemental Resolution that has been duly adopted by the Authority, if required, certified by an Authorized Officer of the Authority, fixing the rate or rates of interest on such Additional Bonds and all other terms and provisions thereof that are not fixed by the terms of the Supplemental Resolution referred to in subparagraph (a) above or in this Bond Resolution.

Resolution #10-20

(c) To the extent that such Additional Bonds are to be issued for the purpose specified in clause (a) of paragraph (1) of Section 2.04 hereof, a written request from the Local Unit to the Authority to issue such Series of Additional Bonds along with the approval of the Board of Freeholders in accordance with the Act and the approval of any amendments or additions to the Loan.

(d) If such Additional Bonds are authorized for the purpose described in clause (a), (b) or (c) of paragraph (1) of Section 2.04 hereof, (i) a certificate of an Authorized Officer of each of the Authority and the Local Unit to the effect that the Loan Agreement has been amended to cover the issuance of the Additional Bonds, if necessary, (ii) a copy of such amended Loan Agreement, and (iii) a Certificate of an Authorized Officer of the Local Unit, dated the date of issuance of such Additional Bonds, to the effect that all of the representations, warranties and covenants of the Local Unit contained in the Loan Agreement are, as of such date, true, accurate and complete. If no such amendment to the Loan Agreement is required, a Counsel's opinion stating same shall be delivered to the Trustee.

(e) The written order of the Authority as to the delivery of such Additional Bonds signed by an Authorized Officer and stating the amount of the proceeds derived from the sale of such Additional Bonds.

(f) The amount, if any, stated in said written order as the amount of such proceeds that will be paid by the Authority to the Trustee for deposit in the Debt Service Fund, which amount shall be held by the Trustee in the Debt Service Fund.

(g) The amounts, if any, stated in said written order as the amounts of such proceeds that will be paid by the Authority to the Trustee for deposit in the Construction Fund or in the Costs of Issuance Account in the Administrative Fund, as the case may be, which amounts shall be held by the Trustee in the Construction Fund or in the Costs of Issuance Account in the Administrative Fund, as the case may be.

(h) If such Additional Bonds are authorized for the purpose described in clause (a) of paragraph (1) of Section 2.04 hereof, a Certificate of the Architect or an Authorized Officer of the Authority stating the opinion (1) that the improvement described in such Supplemental Resolution constitutes an Additional Project, (2) that the remainder of such proceeds to be deposited in the Construction Fund after deducting the amounts to be deposited in the Debt Service Fund and the Costs of Issuance Account in the Administrative Fund, if any, will be, together with any other funds of the Authority that are then available or are expected to be available therefor, sufficient to pay the Costs of the acquisition, construction, renovation or installation of such improvement, and (3) as to the period of time that will be required for completion of the acquisition, construction, renovation or installation of the improvement.

(i) If such Additional Bonds are authorized for the purpose described in clause (b) of

Resolution #10-20

paragraph (1) of Section 2.04 hereof, the amount of such proceeds that will remain after deducting the amounts, if any, to be paid to the Trustee in accordance with the terms of subparagraphs (f) and (g) above.

(j) If such Additional Bonds are authorized for the purpose described in clause (c) of paragraph (1) of Section 2.04 hereof, a Certificate of the Architect or an Authorized Officer of the Authority stating (1) the opinion that the improvement described in such Supplemental Resolution constitutes a Completion Project, (2) that the improvement for which Additional Bonds are to be issued is one for which Bonds had theretofore been issued, (3) the amount of proceeds to be deposited in the Construction Fund, if any, and (4) that such proceeds, together with any other funds of the Authority that are then available or are expected to be available therefor, will be sufficient, in his opinion, to pay the Costs of the completion of the acquisition, construction, renovation or installation of said improvement.

(k) An opinion of Bond Counsel approving the form of the Supplemental Resolution authorizing the issuance of the Additional Bonds and stating that (i) its terms and provisions conform to the requirements of the Act and this Bond Resolution, (ii) the order, certificates and amounts of money to be delivered or paid to the Trustee in accordance with the provisions of this Section 2.05 constitute compliance with the conditions hereinabove stated for the authentication and delivery of such Additional Bonds, (iii) all of the conditions precedent to the authentication and delivery of the Additional Bonds have been satisfied, and (iv) the Trustee may lawfully authenticate the Additional Bonds upon their original issuance.

(l) If the Additional Bonds are insured, a copy of any municipal bond insurance policy issued with respect to such Additional Bonds.

(m) Any additional documents that are required to be executed and delivered pursuant to the terms of any contract executed by or on behalf of the Authority in connection with the sale of Additional Bonds, unless the execution and delivery of such additional documents have been waived by the purchaser of such Additional Bonds.

(n) Such other documents as may be required by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Additional Bonds, or as may be required by a Certificate of an Authorized Officer of the Authority executed in connection with the sale of such Additional Bonds.

2. If such Additional Bonds are authorized for the purpose described in clause (a) or (c) of paragraph (1) of Section 2.04 hereof, at the written direction of the Authority, the Trustee shall deposit in the Construction Fund the proceeds derived from the sale of such Additional Bonds issued for the Additional Project or the Completion Project, as the case may be. The moneys so deposited shall be applied by the Authority and the Trustee to pay the Costs of the improvements described in the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds.

3. If such Additional Bonds are authorized for the purpose described in clause (b) of paragraph (1) of Section 2.04 hereof, the Trustee shall deposit, at the written direction of the Authority, in the Costs of Issuance Account in the Administrative Fund an amount sufficient to pay the Costs of Issuance of such Additional Bonds and shall apply the remaining proceeds derived from the sale of such Additional Bonds to the refunding of such Bonds in accordance with the terms of the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds.

SECTION 2.06. Book-Entry System.

1. Except as provided in subparagraph (3) of this Section 2.06, the Registered Owner of all of the Series 2010 Refunding Bonds shall be, and the Series 2010 Refunding Bonds shall be registered in the name of, Cede & Co., as nominee for DTC. Payment of interest on any Series 2010 Refunding Bond shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Dates for the Series 2010 Refunding Bonds at the address indicated for Cede & Co. in the registry books of the Authority kept by the Trustee.

2. The Series 2010 Refunding Bonds shall be issued initially in the form of a separate, single, fully-registered Bond in the amount of each stated maturity of the Series 2010 Refunding Bonds. Upon initial issuance, the ownership of each such Series 2010 Refunding Bond shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC. With respect to Series 2010 Refunding Bonds registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, the Authority and any Fiduciary shall have no responsibility or obligation to any participant or to any beneficial owner of such Series 2010 Refunding Bonds. Without limiting the immediately preceding sentence, the Authority and any Fiduciary shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any participant with respect to any beneficial ownership interest in the Series 2010 Refunding Bonds, (ii) the delivery to any participant, any beneficial owner or any other person, other than DTC, of any notice with respect to the Series 2010 Refunding Bonds, including any notice of redemption, or (iii) the payment to any participant, any beneficial owner or any other person, other than DTC, of any amount with respect to the principal or Redemption Price, if any, of or the interest on the Series 2010 Refunding Bonds. The Authority and any Fiduciary may treat DTC as, and deem DTC to be, the absolute Owner of each Series 2010 Refunding Bond for the purpose of payment of the principal or Redemption Price, if any, of and the interest on each such Series 2010 Refunding Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2010 Refunding Bonds, for the purpose of registering transfers with respect to such Series 2010 Refunding Bonds and for all other purposes whatsoever. The Paying Agent shall pay all principal or Redemption Price, if any, of and all interest on the Series 2010 Refunding Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy and discharge fully the Authority's obligations with respect to the principal or Redemption Price, if any, of and the interest on the Series 2010 Refunding Bonds to the extent of

Resolution #10-20

the sum or sums so paid. No person other than DTC shall receive an Series 2010 Refunding Bond evidencing the obligation of the Authority to make payments of principal or Redemption Price, if any, of and interest on the Series 2010 Refunding Bonds pursuant to this Bond Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the term "Cede & Co." in this Bond Resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to the Series 2010 Refunding Bonds at any time by giving written notice to the Authority and the Fiduciaries and discharging its responsibilities with respect thereto under applicable law.

(b) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2010 Refunding Bonds if the Authority so determines, and shall terminate the services of DTC with respect to the Series 2010 Refunding Bonds upon receipt by the Authority and the Fiduciaries of written notice from DTC to the effect that DTC has received written notice from participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Series 2010 Refunding Bonds and further to the effect that: (i) DTC is unable to discharge its responsibilities with respect to the Series 2010 Refunding Bonds; or (ii) a continuation of the requirement that all of the Outstanding Series 2010 Refunding Bonds be registered in the registration books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, is not in the best interests of the beneficial owners of the Series 2010 Refunding Bonds.

(c) Upon the termination of the services of DTC with respect to the Series 2010 Refunding Bonds pursuant to subsection 2.06(3)(b)(ii) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series 2010 Refunding Bonds pursuant to subsection 2.06(3)(a) or subsection 2.06(3)(b)(i) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found that, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Series 2010 Refunding Bonds shall no longer be restricted to being registered in the registration books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Series 2010 Refunding Bonds shall so designate, all in accordance with the provisions of Article II hereof.

4. Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Series 2010 Refunding Bond is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to the principal or Redemption Price, if any, of and the interest on such Series 2010 Refunding Bond and all notices with respect thereto shall be made and given, respectively, to DTC as provided in the representation letter of the Authority addressed to DTC with respect to the Series 2010 Refunding Bonds.

Resolution #10-20

5. In connection with any notice or other communication to be provided to Bondholders by the Authority or the Trustee pursuant to this Bond Resolution with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and shall give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date, to the extent possible.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 3.01. Medium of Payment; Form and Date; Letters and Numbers.

1. The Bonds shall be payable, with respect to principal, Redemption Price, if any, and interest, in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts.

2. The Bonds of each Series shall be issued only in the form of fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds of each Series shall be in substantially the form set forth in Section 14.01 hereof or substantially in the form set forth in a Supplemental Resolution authorizing such Series.

3. Each Bond shall be lettered and numbered as provided in this Bond Resolution or in a Supplemental Resolution providing for the issuance of the Series of which such Bond is a part and so as to be distinguished from every other Bond.

Bonds of each Series issued on the date of original issuance shall be dated and bear interest from the date set forth in this Bond Resolution or in a Supplemental Resolution authorizing such Series of Bonds. Bonds of each Series issued after the date of original issuance shall be dated as of the date of authentication thereof by the Trustee. Interest on each Bond shall be payable from the most recent Interest Payment Date next preceding the date of such Bond to which interest has been paid, unless the date of such Bond is an Interest Payment Date to which interest has been paid, in which case interest shall be payable from such date, or unless the date of such Bond is prior to the first Interest Payment Date on the Bonds, in which case interest shall be payable from the earliest date on which interest shall have accrued on such Series of Bonds, or unless the date of such Bond is between the Record Date and the next succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date.

4. The principal and Redemption Price, if any, of and the interest on each Series of Bonds shall be payable as provided in this Bond Resolution or in a Supplemental Resolution relating to such Series of Bonds.

SECTION 3.02. Legends.

The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Bond Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, the Act or otherwise, as may be determined by the Authority prior to the authentication and delivery thereof.

SECTION 3.03. Execution and Authentication.

1. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the Chairman or other Authorized Officer of the Authority, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary, Assistant Secretary or other Authorized Officer of the Authority, or in such other manner as may be required or permitted by law. In case any one or more of the Authorized Officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Authority by such persons who, at the time of the execution of such Bonds, shall be duly authorized or shall hold the proper office in the Authority, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

2. The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in this Bond Resolution or in a Supplemental Resolution authorizing such Series of Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Bond Resolution, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Bond Resolution and that the Holder thereof is entitled to the benefits of this Bond Resolution.

SECTION 3.04. Transfer and Registry.

1. Each Bond shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the Principal Office of the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the Authority shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series and maturity as the surrendered Bond.

2. The Authority and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Authority as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on

Resolution #10-20

account of, the principal and Redemption Price, if any, of and the interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary.

SECTION 3.05. Regulations With Respect to Exchanges and Transfers.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Authority shall execute, and the Trustee shall authenticate and deliver, Bonds in accordance with the provisions of this Bond Resolution. All Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any administrative costs associated with any exchange or transfer and for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Authority nor the Trustee shall be required (a) to transfer or exchange Bonds for a period beginning on the Record Date next preceding an Interest Payment Date for the Bonds and ending on such Interest Payment Date, or for a period of fifteen (15) days (or such lesser period as may be specified in a Supplemental Resolution for a particular Series of Bonds) next preceding the date of any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption, or (b) to transfer or exchange any Bonds called or tendered for redemption.

SECTION 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.

In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost (i) in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or (ii) in lieu of and in substitution for the Bond so destroyed, stolen or lost upon filing with the Trustee evidence satisfactory to the Authority that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority may prescribe and paying such expenses as the Authority and the Trustee may incur. All mutilated Bonds so surrendered to the Trustee shall be canceled by it. Any such new Bonds issued pursuant to this Section 3.06 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and such Bonds shall be equally secured by, and entitled to equal and proportionate benefits with all other Bonds issued under this Bond Resolution in, any moneys or securities held by the Authority or any Fiduciary for the benefit of the Bondholders.

SECTION 3.07. Temporary Bonds.

Resolution #10-20

1. Until the definitive Bonds of any Series are prepared in the form required by the Authority, the Authority may execute, in the same manner as is provided in Section 3.03 hereof, and the Trustee shall authenticate and deliver, in lieu of definitive Bonds but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority, at its own expense, shall prepare and execute, and upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof (but at the expense of the Authority), deliver in exchange therefor, definitive Bonds of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Bond Resolution.

2. All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

SECTION 3.08. Cancellation and Destruction of Bonds.

All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Trustee, which shall execute a certificate of destruction in duplicate by the signature of one of its Authorized Officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Trustee.

SECTION 3.09. Parties Interested Herein.

Nothing in this Bond Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Authority, the Trustee, the Paying Agent and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Bond Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent and the Registered Owners of the Bonds.

ARTICLE IV

REDEMPTION OF BONDS PRIOR TO MATURITY

SECTION 4.01. Privilege of Redemption and Redemption Price.

Bonds subject to redemption prior to maturity pursuant to this Bond Resolution shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in this Bond Resolution, the Certificate of an Authorized Officer of the Authority referred to in Section 2.02(1)(e) hereof or any Supplemental Resolution authorizing such Series of Bonds.

SECTION 4.02. Optional Redemption.

1. The Series 2010 Refunding Bonds shall be subject to optional redemption in accordance with the provisions of this Bond Resolution, including, without limitation, Section 2.03(5) hereof, and any other Series of Bonds may be subject to optional redemption in accordance with the terms of a Supplemental Resolution and this Article IV.

2. In the case of any redemption of Bonds at the election of the Authority, the Authority shall give written notice to the Trustee of its election or direction to so redeem, of the redemption date and of the principal amounts of the Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in this Bond Resolution).

3. In the case of any redemption of Bonds at the election of the Authority at the direction of the Local Unit, the Local Unit shall give written notice to the Authority of its direction to so redeem, of the redemption date and of the principal amounts of the Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed shall be determined by the Local Unit in its sole discretion, subject to any limitations with respect thereto contained in this Bond Resolution).

4. Such notice required under subsection (2) or (3) of this Section 4.02 shall be given at least forty-five (45) days prior to the redemption date or such shorter period as shall be agreed to in writing by the Trustee or the Authority, as the case may be. In the event notice of redemption shall have been given as provided in Section 4.05 hereof, the Authority shall pay or require the Local Unit to pay to the Trustee on or prior to the redemption date an amount in cash that, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

SECTION 4.03. Redemption by Trustee.

Whenever, by the terms of this Bond Resolution, the Trustee is required to redeem Bonds otherwise than at the election or direction of the Authority or the Local Unit, the Trustee shall select the Bonds to be redeemed, give the notice of redemption as provided in Section 4.05 hereof and pay the Redemption Price thereof out of moneys available therefor, plus interest accrued and unpaid to the redemption date, to the Paying Agent in accordance with the terms of this Article IV and, to the extent applicable, Article V hereof.

SECTION 4.04. Selection of Bonds to be Redeemed.

1. If less than all of the Bonds of like maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof, and that, in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum denomination in which Bonds of such Series are authorized to be Outstanding after the redemption date.

2. If less than all of the Outstanding Bonds that are stated to mature on different dates are called for redemption at one time on any given redemption date, an Authorized Officer of the Local Unit shall designate, by maturity, those Bonds that are to be redeemed on any such redemption date by delivering to the Trustee not earlier than sixty (60) days and not later than forty-five (45) days prior to any such redemption date a Certificate detailing such maturities and the amounts to be redeemed within each such maturity. If the Trustee has not received the Local Unit's Certificate by such forty-fifth (45th) day, the Trustee shall select the Bonds to be redeemed in the same manner as those Bonds selected in accordance with Section 4.04(1) hereof.

SECTION 4.05. Notice of Redemption.

When Bonds of a Series have been selected for redemption pursuant to any provision of this Bond Resolution, the Trustee shall give written notice of the redemption of such Bonds in the name of the Authority at the times specified in the second paragraph of this Section 4.05, which notice shall set forth: (i) the Series of Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Bonds will be redeemed at the Principal Office of the Paying Agent, (v) if less than all of such Bonds shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed, and (vi) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Such notice shall further state that on the redemption date there shall become due and payable the Redemption Price of all Bonds to be redeemed, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue and be

Resolution #10-20

payable. In case any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall also state that on or after the redemption date, upon surrender of such Bond, the Holder thereof shall be entitled to a new Bond or Bonds of the same Series bearing interest at the same rate and in the aggregate principal amount equal to the unredeemed portion of such Bond.

The notice required to be given by the Trustee pursuant to this Section 4.05 shall be sent by first-class mail to the Registered Owners of the Bonds to be redeemed, at their addresses as they appear on the registration books of the Authority, not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date. The failure to give notice of the redemption of any Bond or portion thereof to the Registered Owner of such Bond as herein provided or as provided in Section 4.06(2) hereof shall not affect the validity of the proceedings for the redemption of any Bonds for which notice of redemption has been given in accordance with the provisions of this Section 4.05.

SECTION 4.06. Payment of Redeemed Bonds.

1. On the date designated for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or the portions thereof called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds or such portions thereof on such date. If moneys for the payment of the Redemption Price and the accrued interest to the redemption date are held in a separate account by the Trustee in trust for the Holders of such Bonds, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue and be payable, such Bonds or such portions thereof shall cease to be entitled to any benefit or security under this Bond Resolution, and the Holders of such Bonds or such portions thereof shall have no rights in respect thereof, except to receive payment of the Redemption Price thereof and the accrued interest thereon and, to the extent provided in Section 4.07 hereof, to receive Bonds for any unredeemed portions of Bonds.

2. With respect to any Bonds to be redeemed that have not been presented for redemption within sixty (60) days after the redemption date, the Trustee, at the expense of the Local Unit, shall give a second notice of redemption by registered mail to the Registered Owners of any such Bonds not presented for redemption.

SECTION 4.07. Redemption of Portions of Bonds.

In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond to the Paying Agent on or after the redemption date for payment of the principal amount thereof so called for redemption and accrued interest thereon, the Authority shall execute and the Trustee shall authenticate and deliver to or upon the order of the Registered Owner thereof or his attorney or legal representative, without charge therefor, a new Bond or Bonds of the same Series, bearing interest at the same rate and in any denomination or denominations authorized by this Bond Resolution in the aggregate principal amount equal to

Resolution #10-20
the unredeemed portion of such Bond.

ARTICLE V

REVENUES AND FUNDS

SECTION 5.01. Creation of Funds and Accounts.

The following Funds and separate Accounts within Funds shall be established, held and maintained for the Bonds:

- (a) Construction Fund, to be held by the Trustee, which shall consist of a Purchase Account and a Construction Account;
- (b) Debt Service Fund, to be held by the Trustee, which shall consist of an Interest Account, a Capitalized Interest Account and a Principal Account;
- (c) General Fund, to be held by the Trustee;
- (d) Administrative Fund, to be held by the Trustee, which shall consist of an Administrative Expense Account and a Costs of Issuance Account;
- (e) Rebate Fund, to be held by the Trustee; and
- (f) Revenue Fund, to be held by the Trustee.

Each of the Funds and Accounts created by this Bond Resolution, other than the Administrative Fund and the Rebate Fund, is hereby pledged to, and charged with, the payment of the principal or Redemption Price, if any, of and the interest on the Bonds as the same shall become due.

SECTION 5.02. Construction Fund.

1. There shall be deposited (i) in the Purchase Account within the Construction Fund from the proceeds of the Series 2010 Refunding Bonds the amounts set forth in Section 2.03(7)(c) hereof, and (ii) in a subaccount of the Construction Fund from the proceeds of each Series of Additional Bonds the amounts set forth for deposit therein pursuant to the Supplemental Resolutions authorizing the issuance of each such Series of Additional Bonds and creating such subaccount. Immediately upon such deposit as set forth in subsection (i) above, the Trustee shall apply the moneys in the Purchase Account to the purchase of the Series 2010 Local Unit Refunding Bond in an amount as set forth in a Certificate of an Authorized Officer of the Authority.

2. The Trustee shall make payments, if any, from the Construction Account within the Construction Fund for Costs of the Project in the amounts, at the times, in the manner and on

Resolution #10-20

the other terms and conditions set forth in this Section 5.02. Before any such payment shall be made, the Local Unit shall file with the Trustee the Draw Papers therefor, which Draw Papers shall be in the form set forth as Exhibit D to the Loan Agreement. The Trustee shall issue its check for each payment required by such Draw Papers or shall by interbank transfer or other method arrange to make the payment required by such Draw Papers.

3. The Authority and the Local Unit shall file with the Trustee a Certificate of Completion and Acceptance, signed by an Authorized Officer of the Local Unit, with respect to the Project (or, where applicable, any Additional Project or Completion Project), when the Authority has approved all Draw Papers to be paid from the Construction Account within the Construction Fund that are eligible to be approved with regard to any such Project, Additional Project or Completion Project, as the case may be. Such Certificate shall, among other things: (a) state that the proceeds from all draws made hereunder have been fully disbursed for Costs of the Series 2010 Project (or, where applicable, any Additional Project or Completion Project); and (b) if any moneys remain on deposit in the Construction Fund earmarked for such Series 2010 Project, Additional Project or Completion Project, as the case may be, set forth a schedule indicating when and how much of the remaining moneys are to be (i) transferred to the Debt Service Fund and applied as a credit against and considered as Basic Loan Payments due from the Local Unit, (ii) if Additional Bonds have been issued and are then Outstanding for a purpose specified in clause (a) or (c) of paragraph (1) of Section 2.04 hereof and if a Certificate of Completion and Acceptance has not been filed with the Trustee regarding any such Additional Project or Completion Project, as the case may be, retained in the Construction Fund to pay the Costs of any such Additional Project or Completion Project allowable to be paid from the Construction Fund pursuant to any Supplemental Resolution adopted in connection with any such Additional Bonds, or (iii) if the Trustee receives (x) a Certificate of an Authorized Officer of the Local Unit stating that the Loan Payments under the Loan Agreement and the County's obligations under the County Guaranty will remain unaffected by this application, and that the Local Unit desires to apply such remaining moneys to an Additional Project or Completion Project (that may be partially financed with Additional Bonds) but only if accompanied by appropriate amendments to the Loan Agreement in accordance with the terms thereof (including the revised description of the Project), and (y) an opinion from Bond Counsel that such Additional Project or Completion Project is an authorized purpose under the Act and will not adversely affect the tax status of the Bonds, retained in the Construction Fund to pay the Costs of any such Additional Project or Completion Project, as the case may be. Notwithstanding clauses (i), (ii) or (iii) of the immediately preceding sentence, if the Trustee receives a Certificate of an Authorized Officer of the Authority stating that all or a portion of such moneys shall be transferred to the Rebate Fund, any such amount shall be so transferred to the Rebate Fund. Upon receipt of any such Certificate of Completion and Acceptance, the Trustee shall either transfer from the Construction Fund to the Debt Service Fund or retain in the Construction Fund the amounts contained in such Certificate at the times indicated therein. The Local Unit shall file a copy of such Certificate with the Authority.

4. Subsections 2 and 3 of this Section 5.02 shall only apply in circumstances where

Resolution #10-20

there is a deposit to the Construction Account of the Construction Fund on behalf of the Local Unit as directed by a Supplemental Resolution.

SECTION 5.03. Administrative Fund.

1. There shall be established within the Administrative Fund a Costs of Issuance Account and an Administrative Expense Account.

2. In addition to the amounts deposited in the Costs of Issuance Account from the proceeds of the Series 2010 Refunding Bonds pursuant to Section 2.03(7)(a) hereof and in the Administrative Expense Account from the proceeds of the Series 2010 Refunding Bonds pursuant to Section 2.03(7)(a) hereof, there shall be deposited in the Administrative Fund from the proceeds of each Series of Additional Bonds the amounts set forth for deposit therein pursuant to the Supplemental Resolutions authorizing the issuance of each such Series of Additional Bonds.

3. The Authority shall direct the Trustee, in writing, to make payments from the Costs of Issuance Account in the manner and on the terms and conditions as the Authority shall determine to be fair and reasonable in the payment of the particular items of the Costs of Issuance relating to a particular Series of Bonds and, with respect to the Series 2010 Refunding Bonds and, if applicable, any Series of Additional Bonds, in accordance with the provisions of the Tax Certificate. With respect to Costs of Issuance incurred on behalf of the Local Unit for which either direct payment or reimbursement is being sought, such terms and conditions shall include, at a minimum, a Certificate of an Authorized Officer of the Local Unit to the effect that any such Cost of Issuance for which payment is sought (a) constitutes a Cost of Issuance hereunder, (b) has been properly incurred in accordance with all applicable law, and (c) is evidenced by a proper invoice attached to said Certificate. Upon the payment of all Costs of Issuance as evidenced by a Certificate of an Authorized Officer of the Authority to such effect, the amounts remaining in the Costs of Issuance Account, if any, shall be transferred to the Debt Service Fund and applied (i) to pay the interest on and, to the extent available therefor, the principal of the Bonds due and owing on the immediately succeeding Interest Payment Date and (ii) as otherwise set forth in a Certificate of an Authorized Officer of the Authority.

4. The Trustee shall invoice the Local Unit (a) for the Administrative Fee, at least sixty (60) days prior to the dates such amounts become due, and (b) for any other Administrative Expense that is approved by the Authority, promptly after the receipt by the Trustee of a Certificate of an Authorized Officer of the Authority delivered to the Trustee to such effect. The Local Unit shall pay to the Trustee as Additional Loan Payments for deposit in the Administrative Expense Account (i) the Administrative Fee when due in accordance with the definition thereof and (ii) any other amounts due as Administrative Expenses or payable at the Overdue Rate at the times set forth herein or in the Loan Agreement, as the case may be. Upon receipt, the Trustee shall promptly forward the Administrative Fee and, subject to the following sentence, any amounts payable at the Overdue Rate to the Authority and the other amounts due

Resolution #10-20

as Administrative Expenses to the party on whose behalf such payments were made. To the extent the Trustee has made an advance of a payment due and owing by the Local Unit under this Bond Resolution, the Loan Agreement or any other Financing Document and the Local Unit has paid to the Authority moneys at the Overdue Rate, the Authority shall first reimburse the Trustee from any such Overdue Rate receipts to the extent of any such advances made by the Trustee. The Authority shall utilize moneys paid to it as its Administrative Fee from time to time to pay the operating expenses of the Authority; provided, however, that in any Bond Year the moneys so paid to it as its Administrative Fee shall, to the extent possible, be applied by the Authority in satisfaction of the operating expenses of the Authority arising under this Bond Resolution in such Bond Year before such moneys may be applied in satisfaction of the other operating expenses of the Authority arising in such Bond Year.

SECTION 5.04. Revenues.

All Revenues shall be promptly deposited to the credit of the Revenue Fund, and all transfers from such Fund shall be made only in accordance with this Article V.

SECTION 5.05. Revenue Fund.

1. On each Basic Loan Payment Date or any other date on which the Trustee receives Basic Loan Payments from the Local Unit, the Trustee shall deposit each Basic Loan Payment made by the Local Unit pursuant to the terms of the Loan Agreement for immediate credit in the Revenue Fund.

2. On or prior to each Interest Payment Date, the Trustee shall transfer from moneys on deposit in the Revenue Fund to the Interest Account in the Debt Service Fund the amount that, together with the amounts, if any, already on deposit in such subaccounts of the Interest Account and the amounts, if any, on deposit in the Capitalized Interest Account and designated for use on such Interest Payment Date pursuant to this Bond Resolution or a Supplemental Resolution, is equal in the aggregate to the interest due and payable on the Bonds on such Interest Payment Date.

3. On or prior to each Principal Payment Date, the Trustee shall transfer from moneys on deposit in the Revenue Fund to the Principal Account in the Debt Service Fund the amount that is equal in the aggregate to the principal, Sinking Fund Installment or Redemption Price due and payable on the Bonds on such Principal Payment Date.

4. The Trustee shall keep records and accounts with respect to the Revenue Fund so that all amounts received by the Trustee from the Local Unit under the Loan Agreement can be properly designated as (i) the Interest Portion of Basic Loan Payments or the Principal Portion of Basic Loan Payments and (ii) other amounts payable under the Loan Agreement as Additional Loan Payments or investment earnings attributable to such amounts.

SECTION 5.06. Debt Service Fund.

1. No later than each Interest Payment Date, the Trustee shall deposit in the Interest Account of the Debt Service Fund the amount of interest on the Series 2010 Local Unit Refunding Bond paid by the paying agent under the Series 2010 Local Unit Refunding Bond to the Trustee, as the registered owner of 100% of the aggregate principal amount of the Series 2010 Local Unit Refunding Bond.

2. No later than each Principal Payment Date, the Trustee shall deposit in the Principal Account of the Debt Service Fund the amount of principal on the Series 2010 Local Unit Refunding Bond paid by the paying agent under the Series 2010 Local Unit Refunding Bond to the Trustee, as the registered owner of 100% of the aggregate principal amount of the Series 2010 Local Unit Refunding Bonds.

3. On each Interest Payment Date of the Bonds of any Series, the Trustee shall withdraw from the Capitalized Interest Account, if so designated, and the Interest Account in the Debt Service Fund amounts equal in the aggregate to the interest due on such Bonds on such Interest Payment Date. Such moneys shall be transferred from the Trustee to the Paying Agent and applied by the Paying Agent to the payment of such interest in accordance with this Bond Resolution. If, by 10:00 a.m. on the fourteenth Business Day prior to any Interest Payment Date, the Trustee has determined that there are insufficient funds in the Interest Account in the Debt Service Fund (after taking into account any moneys earmarked for transfer therein from the Revenue Fund) to pay the full amount of interest due and owing on the Bonds on such Interest Payment Date, the Trustee shall immediately notify the Authority, the Local Unit, the County and the Paying Agent of such deficiency. The County shall timely satisfy such deficiency by making a payment under the County Guaranty in immediately available funds to the Trustee for deposit in the Interest Account in the Debt Service Fund until each such Interest Payment Date. Such moneys shall be transferred from the Trustee to the Paying Agent and applied by the Paying Agent to the payment to Holders of such interest due on such Bonds on such Interest Payment Date in accordance with this Bond Resolution.

4. On each Principal Payment Date of the Bonds of any Series, the Trustee shall make available to the Paying Agent from moneys in the Principal Account in the Debt Service Fund an amount equal to the principal, Sinking Fund Installment or Redemption Price of such Bonds due on such Principal Payment Date. Such moneys shall be transferred from the Trustee to the Paying Agent and applied by the Paying Agent to the payment of such principal, Sinking Fund Installment or Redemption Price in accordance with this Bond Resolution. If, by 10:00 a.m. on the fourteenth Business Day prior to any Principal Payment Date, the Trustee has determined that there are insufficient funds in the Principal Account in the Debt Service Fund (after taking into account any moneys earmarked for transfer therein from the Revenue Fund) to pay the full amount of principal, including Sinking Fund Installments, due and owing on the Bonds on such Principal Payment Date, the Trustee shall immediately notify the Authority, the Local Unit, the County and the Paying Agent of such deficiency. The County shall timely satisfy

Resolution #10-20

such deficiency by making a payment under the County Guaranty in immediately available funds to the Trustee for deposit in the Principal Account in the Debt Service Fund until each such Principal Payment Date. Such moneys shall be applied by the Trustee to the payment to Holders of such principal or Redemption Price due on such Bonds on such Principal Payment Date in accordance with this Bond Resolution.

5. To the extent moneys on deposit and earned in the Capitalized Interest Account are insufficient to pay interest on any Series of Bonds on any Interest Payment Date through and including the date set forth in the respective Supplemental Resolution for that Series of Bonds, the Trustee shall, upon receipt of a Certificate of an Authorized Officer of the Local Unit, transfer to the Capitalized Interest Account from moneys on deposit in the Construction Fund an amount not exceeding such deficiency at the times set forth in any such Certificate.

SECTION 5.07. Reserved.

SECTION 5.08. General Fund.

On the first day of each Bond Year beginning [_____] [1][15], 2014, the Trustee shall deposit in the General Fund all moneys then remaining in the Revenue Fund; provided, however, that all transfers from the Revenue Fund required pursuant to subsections (2) and (3) of Section 5.05 hereof shall have been made. Upon written requisition from the Authority to the Trustee, moneys on deposit in the General Fund shall be transferred by the Trustee to the Authority for any of the Authority's corporate purposes allowed under the Act.

SECTION 5.09. Notices and Records of Rebtable Arbitrage.

1. On a monthly basis, the Trustee shall, in connection with the determination of the Rebtable Arbitrage with respect to any Series of Tax-exempt Bonds, report to the Authority and the Local Unit (a) the amounts theretofore paid to the United States of America with respect to such Series of Tax-exempt Bonds by the Trustee on behalf of the Authority pursuant to Section 5.13 hereof, (b) the amount in the Rebate Fund for such Series of Tax-exempt Bonds at such time, and (c) the amount available in the Construction Fund for such Series of Tax-exempt Bonds for transfer to the Rebate Fund for the payment of Rebtable Arbitrage.

2. In the event the Trustee does not receive an opinion and report of the Rebate Expert provided by the Local Unit, on or prior to each Rebate Computation Date, the Trustee shall notify the Authority, within five (5) days after such Rebate Computation Date, of such failure, and the Authority shall have the right, but shall not be required, to calculate or cause to be calculated Rebtable Arbitrage with respect to such Series of Tax-exempt Bonds.

3. The Trustee shall maintain records of the investment of all Funds and Accounts under this Bond Resolution. Such records shall specify the Account or Fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the

Resolution #10-20

case of each investment, (a) the purchase price of the investment, including accrued interest, (b) identifying information, including par amount, coupon rate and payment dates, (c) the amount received at maturity or sale price, including accrued interest, (d) the amounts and dates of any payments made with respect to the investment, and (e) the dates of acquisition and disposition or maturity. Records of the determinations required to be made with respect to each Series of Tax-exempt Bonds pursuant to this Section 5.09 shall be retained by the Trustee until a date that is six (6) years after the retirement of the last obligation of each Series of Tax-exempt Bonds. The Trustee shall, upon request, make such records available for review by the Authority and the Local Unit.

SECTION 5.10. Deposit and Notices of Deposit into Rebate Fund.

1. Upon written notification to the Trustee from the Local Unit of the Rebateable Arbitrage with respect to any Series of Tax-exempt Bonds, the Trustee shall promptly transfer from the Construction Fund for such Series of Tax-exempt Bonds to the Rebate Fund for such Series of Tax-exempt Bonds the amount specified in the written notification which shall be the amount necessary so that, immediately after such transfer, the amount in the Rebate Fund for such Series of Tax-exempt Bonds shall be equal to the excess of the Rebateable Arbitrage with respect to such Series of Tax-exempt Bonds over the amounts previously paid with respect to such Series of Tax-exempt Bonds to the United States of America by the Trustee on behalf of the Authority pursuant to Section 5.13 hereof.

2. In the event that the amount in the Construction Fund is insufficient to fund the Rebate Fund at the times and in the amount specified in subsection (1) above, and the Local Unit has not, on or prior to the Rebate Computation Date, paid to the Trustee for deposit in the Rebate Fund the difference between the amount required to be added to the Rebate Fund with respect to any Series of Tax-exempt Bonds and the amount then available for such purpose in the Construction Fund for such Series of Tax-exempt Bonds, the Trustee shall, within five (5) days after a Rebate Computation Date, notify the Authority of the Local Unit's failure to make such payment, and the Authority shall have the right, but not the obligation, to make such payment to the Trustee on behalf of the Local Unit.

SECTION 5.11. Excess Moneys in Rebate Fund.

In the event that, on any Rebate Computation Date, the amount on deposit in the Rebate Fund for any Series of Tax-exempt Bonds exceeds the Rebateable Arbitrage with respect to such Series of Tax-exempt Bonds (as provided in the opinion and report furnished by the Rebate Expert described in Section 5.09(2) hereof with respect to such Rebate Computation Date) reduced by amounts previously paid with respect to such Series of Tax-exempt Bonds to the United States of America by the Trustee on behalf of the Authority pursuant to Section 5.13 hereof, the Trustee shall, upon receipt of written instructions from the Local Unit specifying the amount of the excess, notify the Authority of such excess, withdraw such excess amount and deposit it in the Construction Fund if such notification is prior to the completion of the Project.

Resolution #10-20

If the notification is after the completion of the Project and the excess constitutes proceeds of a Series of Tax-exempt Bonds (including investment earnings thereon), such excess shall be applied in accordance with the treatment of surplus with respect to such Series of Tax-exempt Bonds. In the event such excess does not constitute proceeds of a Series of Tax-exempt Bonds (including investment earnings thereon), the Trustee shall transfer such amount to the Local Unit. If any amount shall remain in the Rebate Fund established for any Series of Tax-exempt Bonds after the Trustee has made a final payment to the United States of America with respect to such Series of Tax-exempt Bonds as a result of the retirement of the last obligation of such Series of Tax-exempt Bonds, such excess shall be transferred to the Local Unit.

SECTION 5.12. Investment of Rebate Fund.

1. Any moneys held as part of the Rebate Fund shall be invested or reinvested by the Trustee as provided in this Article V.

2. The Authority shall direct all investments such that any investment of funds in the Rebate Fund shall mature or be redeemable by the Trustee at such times as may be necessary to provide funds when, at the time of the investment, it is anticipated the same will be needed to make payments from the Rebate Fund. The Trustee may at any time, to the extent required for payments from the Rebate Fund, sell any of such investments, and the proceeds of such sale and of all payments at maturity and upon redemption of such investments shall be held in the Rebate Fund. Interest and other income received or losses on moneys or securities in the Rebate Fund shall be credited or charged to the Rebate Fund and shall become a part thereof to be disbursed as provided for herein.

SECTION 5.13. Payment of Rebatable Arbitrage to the United States.

The Trustee, at the written direction of the Authority or the Local Unit, shall withdraw from the Rebate Fund and pay over to the United States of America the Rebatable Arbitrage with respect to each Series of Tax-exempt Bonds in installments as follows: The first payment shall be made not later than sixty (60) days after the end of the fifth Rebate Year of each such Series of Tax-exempt Bonds. Each subsequent payment shall be made not later than sixty (60) days after the succeeding fifth Rebate Year of each such Series of Tax-exempt Bonds. Each installment shall be in an amount that ensures that at least ninety percent (90%) of the amount of Rebatable Arbitrage with respect to such Series of Tax-exempt Bonds as of the close of the period ending on the last day of the most recent fifth Rebate Year of such Series of Tax-exempt Bonds will have been paid to the United States of America (determined in accordance with the opinion of the Rebate Expert and accompanying written summary given to the Trustee by the Local Unit concerning Rebatable Arbitrage with respect to such Series of Tax-exempt Bonds for the period ending on the last day of such fifth Rebate Year). Not later than sixty (60) days after the retirement of the last obligation of such Series of Tax-exempt Bonds, the United States of America shall be paid the remaining balance of the Rebatable Arbitrage with respect to such Series of Tax-exempt Bonds together with amounts earned from investing the remaining balance

Resolution #10-20

of the Rebatale Arbitrage at an arm's length interest rate during the period beginning from the date of retirement of the last obligation of such Series of Tax-exempt Bonds and ending on the date fifteen (15) days before the final rebate payment is made.

SECTION 5.14. Place of Payment and Accompanying Documents; Duty of Trustee.

1. Payments made to the United States of America by the Trustee of Rebatale Arbitrage with respect to any Series of Tax-exempt Bonds shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255, or such other Internal Revenue Service office authorized to receive payments of Rebatale Arbitrage, as directed, in writing, by the Authority, upon the advice of the Local Unit. All payments of Rebatale Arbitrage shall be accompanied by Form 8038-T or such other form prescribed by the Internal Revenue Service to accompany payments of Rebatale Arbitrage, as prepared by the Authority or the Local Unit, together with any other information that the Authority or the Local Unit instructs the Trustee to accompany such payments.

2. The duty of the Trustee to make payments to the United States of America pursuant to Section 5.13 hereof shall be expressly limited to funds available in the Rebate Fund at the times such payments are required to be made (including all investment earnings on funds theretofore deposited by the Trustee in the Rebate Fund) and any other funds actually provided to the Trustee by the Authority or the Local Unit for such payments. The Trustee shall not be under any duty to pay any amounts in excess of the amounts available in the Rebate Fund or actually provided to it by the Authority or the Local Unit. The Trustee shall also have no duty to calculate the Rebatale Arbitrage or to confirm any amount provided to it by the Local Unit.

SECTION 5.15. Moneys to Be Held in Trust.

All moneys required to be deposited with or paid to the Trustee or the Paying Agent for the account of any Fund or Account established under any provision of this Bond Resolution for the Bonds in accordance with this Bond Resolution, other than the Administrative Fund and the Rebate Fund, respectively, shall be held by the Trustee or the Paying Agent, as the case may be, in trust for the Holders of the Bonds and shall constitute part of the Trust Estate while held by the Trustee or the Paying Agent; provided, however, that moneys deposited with or held by the Trustee or the Paying Agent for the redemption of Bonds on or after the redemption date of such Bonds, or for the payment of the principal of or the interest on Bonds on or after the date on which such amounts shall have become due, shall be held and applied solely for the redemption or payment of such Bonds or the payment of such interest.

SECTION 5.16. Investments.

All moneys in any of the Funds and Accounts created under this Bond Resolution shall be invested by the Trustee as directed by the Authority in writing, subject to the further provisions of this Section 5.16. The Trustee may conclusively rely upon such written direction

Resolution #10-20
of the Authority as to any and all investments.

Moneys in all Funds and Accounts created under this Bond Resolution, other than the Debt Service Fund and the Accounts established therein, shall be invested in Investment Securities, the principal of and the interest on which are payable not later than the dates on which it is estimated, by the Authority or the Local Unit, that such moneys will be required hereunder. Moneys in the Capitalized Interest Account shall only be invested in such securities as are described in clause (i) of the definition of "Investment Securities" in Section 1.01 hereof.

Investment Securities as an investment of moneys in any Fund or Account created under this Bond Resolution shall be credited to such Fund or Account. For the purpose of determining the amount in any Fund or Account at any time in accordance with this Bond Resolution, all Investment Securities credited to such Fund or Account shall be valued annually on the first day of any Bond Year at the lesser of amortized cost (exclusive of accrued interest) or fair market value, and any deficiency resulting therefrom shall be payable by the Local Unit as an Additional Loan Payment under the Loan Agreement ratably every month over a period not to exceed five (5) months from such valuation date.

All interest, profits and other income earned and received by the Trustee and the Authority, as appropriate, net of any losses suffered (herein called the "net earnings"), from the investment of moneys in any Fund or Account shall be retained in and treated as part of such Fund or Account and applied in accordance with the applicable Sections of this Bond Resolution governing such Fund or Account.

The Trustee may act as principal or agent in the acquisition or disposition of any Investment Securities. The Trustee shall exercise its best efforts to sell at market price obtainable, or present for redemption, any Investment Securities to the credit of any Fund or Account created under this Bond Resolution and the Accounts established therein whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from such Fund or Account, and the Trustee shall not be liable for any loss resulting from such necessary sale so made of such investments.

ARTICLE VI

**FINANCING DOCUMENTS, BOND PURCHASE AGREEMENT
AND OFFICIAL STATEMENTS**

SECTION 6.01. Terms and Conditions of Financing Documents.

The Authority hereby authorizes the Trustee to disburse funds to the Authority from the Purchase Account of the Construction Fund in accordance with the terms set forth herein and in the Financing Documents for the purpose of acquiring the Series 2010 Local Unit Refunding Bonds. Consequently, the Authority shall enter into or adopt, as the case may be, the Financing Documents in the manner, on the terms and conditions and upon submission of the documents required by this Article VI, and not otherwise.

SECTION 6.02. Form of Financing Documents.

The Authority hereby authorizes the Chairman to enter into the Financing Documents to be executed by the Authority in the forms thereof attached hereto as Exhibit A, with such changes thereto as shall be within the constraints set forth herein and as shall be determined exclusively by the Chairman after consultation with Counsel, which determination shall be conclusively evidenced by an Authorized Officer's execution and delivery thereof. The Chairman and any other Authorized Officer shall also take all other actions and execute any other documents, agreements, certificates or other instruments deemed necessary, convenient or desirable by the Chairman or any such other Authorized Officer to consummate the transactions contemplated hereby and by such Financing Documents; provided, however, that such Financing Documents shall in any event conform in all material respects to the provisions of this Article VI.

SECTION 6.03. Loan Payments.

The Authority shall establish Basic Loan Payments under the Loan Agreement in such amounts that, together with any amounts available and required to be treated as credits thereunder or under this Bond Resolution, shall be sufficient to pay the principal and prepayment premium, if any, of and the interest on all Series of Bonds as the same become due and payable.

SECTION 6.04. Bond Purchase Agreement.

The Authority hereby authorizes the Chairman to negotiate with an underwriter, which underwriter shall be determined by the Chairman in his sole discretion, for the sale of all of the Series 2010 Refunding Bonds upon terms and conditions to be set forth in a bond purchase agreement, which terms and conditions shall be within the constraints set forth herein and shall be determined exclusively by the Chairman after consultation with Counsel, which determination shall be conclusively evidenced by the Chairman's execution and delivery thereof. The

Resolution #10-20

Chairman and any other Authorized Officer shall also take all other actions and execute any other documents, agreements, certificates or other instruments deemed necessary or desirable by the Chairman or any such other Authorized Officer to consummate the transactions contemplated hereby and by such bond purchase agreement.

SECTION 6.05. Preliminary Official Statement.

1. The Chairman is hereby authorized and directed, upon satisfaction of all of the legal conditions precedent to the delivery of the preliminary official statement relating to the Series 2010 Refunding Bonds by the Authority, as determined by the Chairman in consultation with the Chairman of and Counsel to the Authority, to deliver a preliminary official statement in the form and with such provisions as the Chairman, after consultation with Counsel to the Authority, deems in his sole discretion to be necessary or desirable for the delivery thereof, which delivery thereof by the Chairman shall conclusively evidence his consent to the provisions thereof.

2. The Chairman is hereby authorized and directed to execute any certificate or document relating to any statutes, rules or other procedures of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board or any state securities entity that the Chairman, after consultation with Counsel to the Authority, deems necessary or desirable to effect the issuance of the Series 2010 Refunding Bonds and the transactions contemplated by the preliminary official statement.

SECTION 6.06. Official Statement.

The Chairman is hereby authorized and directed to execute and deliver a final official statement in substantially similar form to the preliminary official statement, with such changes to reflect the final pricing as set forth in the bond purchase agreement as the Chairman, after consultation with the Chairman of and Counsel to the Authority, deems necessary or desirable to effect the issuance of the Series 2010 Refunding Bonds and the transactions contemplated by the final official statement.

ARTICLE VII

SERVICING OF LOAN PAYMENTS

SECTION 7.01. Defaults.

The Trustee shall notify the Authority of its failure to receive any Loan Payment of the Local Unit, if any, due under the Loan Agreement, or of any payment of principal of, redemption premium if any, or interest on the Series 2010 Local Unit Refunding Bond and of any other Event of Default under the Loan Agreement known to the Trustee.

Upon the occurrence of an Event of Default under the Loan Agreement, the Trustee shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all of the terms and conditions of the Loan Agreement, including (without limitation) the prompt payment of all Loan Payments and all other amounts due the Authority and the observance and performance of all duties, covenants, obligations and agreements thereunder; provided, however, that the Trustee shall not accelerate the payment of amounts due under the Loan following any Event of Default thereunder (other than any Event of Default that shall automatically accelerate such payment under the Loan).

Except as otherwise provided in the Loan Agreement or in this Bond Resolution, the Trustee shall not release the duties, covenants, obligations or agreements of the Local Unit under the Loan Agreement, and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Authority and the Holders under or with respect to the Loan; provided, however, that this provision shall not be construed to prevent the Trustee (with the consent of the Authority) from settling a default under the Loan Agreement on such terms as the Trustee shall determine to be in the best interests of the Authority and the Holders. The Authority hereby appoints the Trustee as its agent and attorney-in-fact for the purpose of enforcing all rights, title and interests of the Authority on behalf of the Holders under the Loan Agreement, except for the Authority's Reserved Rights.

SECTION 7.02. Termination of Loan Agreement.

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

SECTION 7.03. Files.

The Trustee shall keep a file for all records and other documents pertaining to

Resolution #10-20

disbursements of amounts to the Local Unit or its designee under the Loan Agreement, all Loan Payments and other amounts received by the Trustee under the Loan Agreement, and all communications from or received by the Trustee with respect to the Project. Such file shall be kept at the Principal Office of the Trustee and shall be available for inspection by the Authority, the Local Unit, the County and their respective agents at reasonable times and under reasonable circumstances.

SECTION 7.04. Trustee's Obligations.

The Trustee shall observe and perform all duties, covenants, obligations and agreements of the Authority under the Loan Agreement to the extent specified herein and therein. If an inconsistency arises between the Loan Agreement and this Bond Resolution, the Trustee shall rely on this Bond Resolution. Notwithstanding the preceding sentence, the Trustee shall have no duty to acquire, construct, renovate or install the Project.

ARTICLE VIII

GENERAL COVENANTS

SECTION 8.01. Payment of Bonds; Special Obligations of Authority.

The Authority shall pay or cause to be paid the principal or Redemption Price, if any, of and the interest on every Bond of each Series on the date, at the place and in the manner provided herein, in the Applicable Supplemental Resolution and in such Bonds according to the true intent and meaning thereof; provided, however, that the Bonds of each Series are special obligations of the Authority, the principal or Redemption Price, if any, of and the interest on which are payable solely from the Trust Estate.

The Bonds of each Series shall not be payable from the general funds of the Authority, and shall not constitute a legal or equitable pledge of, or lien or encumbrance upon, any of the assets or property of the Authority (other than the Trust Estate) or upon any of its income, receipts or revenues, except as provided in this Bond Resolution. The full faith and credit of the Authority are not pledged, either expressly or by implication, to the payment of the Bonds. The Authority has no taxing power, and has no claim on any revenues or receipts of the State or any agency or political subdivision thereof or of the Local Unit (except as provided in the Loan Agreement regarding Loan Payments) or the County (except as expressly provided in the County Guaranty).

SECTION 8.02. Observance and Performance of Duties, Covenants, Obligations and Agreements; Representations as to Authorization and Validity of Bonds.

The Authority shall faithfully observe and perform at all times all of its duties, covenants, obligations and agreements contained in the Loan Agreement, this Bond Resolution, any Supplemental Resolution or any Bond executed, authenticated and delivered under this Bond Resolution or under any Supplemental Resolution or in any proceedings of the Authority pertaining thereto.

The Authority represents and covenants that: (i) it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Bonds of each Series, to enter into the Loan Agreement, and to pledge the Trust Estate in the manner and to the extent set forth in this Bond Resolution and as shall be set forth in any Supplemental Resolution; (ii) all action on its part for the issuance of the Bonds of each Series will be duly and effectively taken; and (iii) the Bonds of each Series in the hands of the Holders thereof will be valid and binding special obligations of the Authority, enforceable against the Authority in accordance with their terms.

SECTION 8.03. Liens, Encumbrances and Charges.

Resolution #10-20

The Authority shall not create or cause to be created and shall not suffer to exist any lien, encumbrance or charge upon the Trust Estate, except the pledge, lien and charge created for the security of the Holders of the Bonds. To the extent Revenues are received, the Authority will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands that if unpaid might by law become a lien upon the Trust Estate; provided, however, that nothing contained in this Section 8.03 shall require the Authority to pay or cause to be discharged, or to make provision for, any such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

So long as Bonds of any Series shall be Outstanding, the Authority shall not issue any bonds, notes or other evidences of indebtedness, other than such Bonds, secured by any pledge of or other lien or charge on the Trust Estate. Nothing in this Bond Resolution is intended to or shall affect the right of the Authority to issue bonds, notes and other obligations under other resolutions or indentures for any of its other purposes.

SECTION 8.04. Accounts and Audits.

The Authority shall keep, or cause to be kept, proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project, this Bond Resolution and any Supplemental Resolution, which books and accounts (at reasonable hours and subject to the reasonable rules and regulations of the Authority) shall be subject to the inspection of the Trustee, the Local Unit, the County, any Holder of any Bonds or their agents or representatives duly authorized in writing. The Authority shall have the right to cause such books and accounts to be audited annually within ninety (90) days after the end of its fiscal year by an Independent Public Accountant selected by the Authority. Annually, within thirty (30) days after the receipt by the Authority of the report of such audit, a signed copy of such report shall be furnished to the Trustee. Such report shall include at least: (i) a statement of all Funds and Accounts (including investments thereof) held by the Trustee pursuant to the provisions of this Bond Resolution; (ii) a statement of the Revenues collected in connection with this Bond Resolution; and (iii) a statement that, in making such audit, no knowledge of any default in the fulfillment of any of the terms, covenants or provisions of this Bond Resolution was obtained or, if knowledge of any such default was obtained, a statement thereof.

SECTION 8.05. Further Assurances.

The Authority will pass, make, do, execute, acknowledge and deliver any and all such further resolutions, indentures, actions, instruments and assurances as may be reasonably necessary or proper to carry out the intention, or to facilitate the performance, of this Bond Resolution and for the better assuring and confirming unto the Holders of Bonds the rights and benefits provided in this Bond Resolution.

SECTION 8.06. Tax Covenants.

1. In connection with the issuance of the Series 2010 Refunding Bonds and, if applicable, any Series of Additional Bonds issued as Tax-exempt Bonds, an Authorized Officer of the Authority is hereby authorized to execute on behalf of the Authority (i) the Tax Certificate and (ii) any similar documents relating to tax covenants with respect to such bonds, including but not limited to the characterization of such Series of Bonds as not being “arbitrage bonds” within the meaning of Sections 103(b)(2) and 148 of the Code.

2. The Authority will make no use of the proceeds of any Series 2010 Refunding Bonds that would cause such Series 2010 Refunding Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code; and the Authority will direct the Trustee and all officers having custody or control of the proceeds of each Series 2010 Refunding Bonds, throughout the term of such Series 2010 Refunding Bonds, to comply with the applicable requirements of Section 148(a) of the Code and Treasury Regulations §§1.148-1 through 1.148-10, inclusive, to the extent applicable to the Bonds, so that none of the Series 2010 Refunding Bonds will be or become an arbitrage bond; provided, however, that the Trustee, in following the directions of the Authority, shall have no responsibility to determine whether a particular investment is in violation of such regulations.

3. The Authority covenants that it shall require that neither the Local Unit nor any member of the same controlled group (within the meaning of Treasury Regulation §1.150-1(e)) as the Local Unit shall purchase any Series 2010 Refunding Bonds pursuant to an arrangement, formal or informal, in an amount related to the amount of the obligations acquired from such persons by the Authority.

4. In order to maintain the exclusion from gross income for federal income tax purposes of interest on any Series of Tax-Exempt Bonds, the Authority shall comply with the provisions of the Code applicable to the Tax-Exempt Bonds, including, without limitation, the provisions of the Code relating to computation of the yield on investments of the Gross Proceeds (as defined in the Tax Certificate) of the Tax-Exempt Bonds, reporting of earnings on the Gross Proceeds of the Tax-Exempt Bonds, and rebate of excess earnings to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the Authority shall comply with the Arbitrage and Tax Certificate, to be delivered by the Authority simultaneously with the issuance of any Tax-Exempt Bonds, as a source of guidance for compliance with the Code.

5. Any amounts required to be set aside for rebate to the Internal Revenue Service pursuant to the Tax Certificate shall be considered a loss for purposes of determining “net earnings” pursuant to Section 5.16 hereof.

Resolution #10-20

6. The Authority shall not take or permit any action or fail to take any action that would cause the interest on any Series of Tax-Exempt Bonds to lose the exclusion from gross income for federal income tax purposes under Section 103 of the Code or cause the interest on any Series of Tax-Exempt Bonds to be treated as an item of tax preference under Section 57 of the Code.

7. Notwithstanding any other provision of this Bond Resolution to the contrary, the covenants contained in this Section 8.06 shall survive the payment of the Series 2010 Refunding Bonds and the interest thereon, including any payment or discharge thereof pursuant to Section 12.01 hereof, as long as necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on any Series of Tax-Exempt Bonds.

SECTION 8.07. Application of Basic Loan Prepayments.

Upon the prepayment, in whole or in part, of Basic Loan Payments due and owing under the Loan Agreement at the then applicable Purchase Option Price, the Authority shall elect to apply such prepayment proceeds (i) to the purchase of Bonds in the secondary market, (ii) to the redemption of Bonds in accordance with Article IV hereof, or (iii) to the payment of Bonds in accordance with Section 12.01 hereof. The Authority may only consent to such partial prepayment pursuant to the Loan Agreement if it simultaneously delivers to the Trustee (i) a certificate of an Independent Public Accountant demonstrating that the aggregate Basic Loan Payments due pursuant to the Loan Agreement after such prepayment shall be sufficient to pay, when due, the principal of and the interest on all Bonds Outstanding after giving effect to the Authority's election required in the immediately preceding sentence, and (ii) irrevocable instructions to effectuate such election regarding the application of prepayment proceeds, including, without limitation, delivering any documents required under the Loan.

ARTICLE IX

DEFAULT PROVISIONS; REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 9.01. Defaults; Events of Default.

If any of the following events occurs, it is hereby defined as and declared to be and to constitute an “Event of Default” for the Bonds of all Series then Outstanding:

- (a) default in the due and punctual payment of any interest on any Bond; or
- (b) default in the due and punctual payment of the principal, Sinking Fund Installment or Redemption Price of any Bond whether at the stated maturity thereof or on any date fixed for the redemption of such Bond; or
- (c) if (i) the Authority shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law, (ii) the Authority shall institute a proceeding seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or all of its debts under New Jersey bankruptcy or insolvency law, (iii) with the consent of the Authority, there shall be appointed a receiver, liquidator or similar official for the Authority under federal bankruptcy law or under New Jersey bankruptcy or insolvency law, or (iv) without the application, approval or consent of the Authority, a receiver, trustee, liquidator or similar official shall be appointed for the Authority under federal bankruptcy law or under New Jersey bankruptcy or insolvency law or a proceeding described in clause (ii) above shall be instituted against the Authority, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days; or
- (d) if (i) the Authority shall make an assignment for the benefit of creditors, (ii) the Authority shall apply for or seek the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (iii) the Authority shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it described under clause (iv) of paragraph (c) of this Section 9.01, (iv) the Authority shall take any action to authorize or effect any of the actions set forth in paragraph (c) or (d) of this Section 9.01, (v) the Authority shall fail to contest in good faith any appointment or proceeding described in paragraph (c) or (d) of this Section 9.01, or (vi) without the application, approval or consent of the Authority, a receiver, trustee, examiner, liquidator or similar official shall be appointed for any substantial part of the Authority’s property, and such appointment shall continue undischarged or such proceeding shall continue undismissed or unstayed for a period of thirty (30) consecutive days; or
- (e) the Authority shall default in the performance or observance of any other

Resolution #10-20

of the duties, covenants, obligations, agreements or conditions on the part of the Authority to be performed or observed under this Bond Resolution or under the Bonds of each Series, which default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall be given to the Authority by the Trustee or the Bondholders in accordance with Section 9.09 hereof.

SECTION 9.02. Acceleration of Bonds; Remedies.

If an Event of Default described in Section 9.01 hereof shall occur for any Series of Bonds and the Trustee shall have actual knowledge of such Event of Default, the Trustee shall give written notice thereof to Holders, and at the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, by telephonic notice to the Authority (promptly confirmed in writing), declare the principal of all Bonds then Outstanding to be due and payable; provided, however, that before making such declaration, the Trustee shall give thirty (30) days' notice to the Authority during which time the Authority shall be able to cure such default. Upon any such declaration, the Trustee shall forthwith give notice thereof to the Local Unit and the Paying Agent.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under this Bond Resolution, the Trustee, by written notice to the Authority, may annul such declaration and its consequences if: (i) moneys shall have accumulated in the Interest Account and the Principal Account in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date) and the principal then due on all Bonds (except the principal on any such Bonds due solely as a result of any such declaration of acceleration); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; and (iii) every other default known to the Trustee in the observance or performance of any duty, covenant, obligation, condition or agreement contained in the Bonds or in this Bond Resolution shall have been remedied to the satisfaction of the Trustee; provided, however, that such declaration may be annulled only with the written consent of the Holders of not less than 25% in aggregate principal amount of the Bonds Outstanding and not then due by their terms. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Upon the occurrence of an Event of Default, the Trustee shall also have the following rights and remedies:

(a) the Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and the interest on the Bonds then Outstanding, including (without limitation) enforcement of any rights of the Authority or the Trustee under the Loan;

Resolution #10-20

(b) the Trustee by action or suit in equity may require the Authority to account as if it were the trustee of an express trust for the Holders of Bonds, and may take such action with respect to the Loan Agreement as the Trustee deems necessary or appropriate and in the best interests of the Holders of Bonds, subject to the terms of the Loan; and

(c) upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Holders of Bonds under this Bond Resolution, the Trustee will be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate and the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If an Event of Default shall have occurred with respect to any Bonds, and if requested so to do by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction therefor, the Trustee shall be obligated to exercise such one or more of the rights, remedies and powers conferred by this Section 9.02 as directed by such Holders of Bonds.

No right or remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee (or to the Holders of Bonds) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to such Holders hereunder or now or hereafter existing at law or in equity or by statute other than pursuant to the Act. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

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

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

SECTION 9.03. Right of Holders of Bonds to Direct Proceedings.

Anything in this Bond Resolution to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds in default then Outstanding shall have the right at any time during the continuance of an Event of Default of such Bonds, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution or for the appointment of a receiver or any other proceedings

Resolution #10-20

hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Bond Resolution.

SECTION 9.04. Application of Moneys.

All moneys received by the Trustee pursuant to any right or remedy given or action taken under the provisions of this Article IX upon any acceleration of the due date for the payment of the principal of and the interest on the Bonds in default (including, without limitation, moneys received by virtue of action taken under provisions of the Loan Agreement, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and any other moneys owed to the Trustee in connection with such Bonds hereunder) shall be applied, first, to the payment of the principal and the interest then due and unpaid upon the Bonds in default, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.04, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date, unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond in default until such obligation shall be presented to the Trustee for appropriate endorsement or for cancellation, as the case may be.

SECTION 9.05. Remedies Vested in Trustee.

All rights of action (including, without limitation, the right to file proofs of claims) under this Bond Resolution or under any of the Bonds in default may be enforced by the Trustee without possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee for the equal and ratable benefit of the Holders of all the Outstanding Bonds without the necessity of joining as plaintiffs or defendants any Holders of such Bonds.

SECTION 9.06. Rights and Remedies of Holders of Bonds.

No Holder of Bonds then Outstanding in default shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Bond Resolution or for the

Resolution #10-20

execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) an Event of Default shall have occurred, (b) the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the remedies hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) the Holders shall have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused, or for sixty (60) days after receipt of such request and offer of indemnification shall have failed, to exercise the remedies hereinbefore granted or to institute such action, suit or proceeding in its own name, and such request and offer of indemnity are hereby declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Bond Resolution and to any action or cause of action for the enforcement of this Bond Resolution or for the appointment of a receiver or for any other remedy hereunder. It is understood and intended that no one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Bond Resolution by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Holders of all Bonds then Outstanding; provided, however, that nothing contained in this Bond Resolution shall affect or impair the right of the Holder of any Bond to enforce the payment of the principal or Redemption Price of and the interest on such Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal or Redemption Price of and the interest on each of the Bonds issued hereunder to the respective Holders thereof, at the time and place, from the source and in the manner expressed in the Bonds and in this Bond Resolution and the Applicable Supplemental Resolution.

SECTION 9.07. Termination of Proceedings.

In case the Trustee or a Holder of a Bond in default shall have proceeded to enforce any right under this Bond Resolution by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Holder, then and in every such case the Authority, the Trustee and the Holders of Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee and the Holders shall continue as if no such proceedings had been taken.

SECTION 9.08. Waivers of Events of Default.

The Trustee may, and upon the written request of the Holders of 50% in aggregate principal amount of all Bonds in default then Outstanding shall, waive any Event of Default that shall have been remedied before the completion of the enforcement of any remedy under this Bond Resolution; but no such waiver shall extend to any subsequent or other Event of Default or impair any rights consequent thereon.

SECTION 9.09. Notice of Certain Defaults; Opportunity of Authority to Cure Defaults.

Anything herein to the contrary notwithstanding, no Default under Section 9.01(e) hereof shall constitute an Event of Default until actual notice of such Default shall be given to the Authority, by registered or certified mail, by the Trustee or the Holders of not less than 25% in aggregate principal amount of all Bonds then Outstanding, and the Authority shall not have corrected the Default or caused the Default to be corrected within thirty (30) days following the giving of such notice; provided, however, that if the Default be such that it is correctable but cannot be so corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within the applicable period and diligently pursued until the Default is corrected.

The Authority hereby grants to the Trustee full authority for the account of the Authority (but the Trustee shall have no obligation) to observe or perform any duty, covenant, obligation or agreement in any alleged Default concerning which notice is given to the Authority under the provisions of this Section 9.09 in the name and stead of the Authority, with full power to do any and all things and acts to the same extent that the Authority could do and to perform any such things and acts and with full power of substitution.

ARTICLE X
THE FIDUCIARIES

SECTION 10.01. Appointments, Duties, Immunities and Liabilities of Trustee.

[____], Woodland Park, New Jersey, has been appointed as Trustee hereunder by the Authority. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution, the Loan Agreement and all other agreements with the Authority relating to the Bonds by executing and delivering to the Authority a written acceptance thereof, and, by executing such acceptance, the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be validly issued, but only, however, upon the terms and conditions set forth in this Bond Resolution and in such other documents.

SECTION 10.02. Paying Agents; Appointments.

1. The Trustee is hereby appointed Paying Agent for the Series 2010 Refunding Bonds. The Authority shall appoint one or more Paying Agents for the Bonds of each additional Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 10.13 hereof for a successor Paying Agent.

2. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

3. Unless otherwise provided, the principal corporate trust offices of the Paying Agents are designated as the respective offices or agencies of the Authority for the payment of the principal or Redemption Price, if any, of and the interest on the Bonds.

4. The Authority may enter into agreements with any Paying Agent providing for the payment to the Authority of amounts in respect of interest earned on moneys held by such Paying Agent for the payment of principal or Redemption Price, if any, of and the interest on the Bonds. Any such payments to the Authority shall be deposited in the Revenue Fund and applied as Revenues.

SECTION 10.03. Responsibilities of Fiduciaries.

1. The recitals of fact contained herein and in the Bonds shall be taken as the statements of the Authority, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representation as to the validity or sufficiency of this Bond Resolution or of any Bonds issued hereunder or as to the security afforded hereby, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. No Fiduciary shall be under any

Resolution #10-20

responsibility or duty with respect to the application of any moneys paid to the Authority or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect thereof or to advance any of its own moneys, unless properly indemnified by the Authority or the Local Unit. Subject to the provisions of subsection (2) of this Section 10.03, no Fiduciary shall be liable in connection with the observance and performance of its duties and obligations hereunder except for its own negligence or willful misconduct.

2. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and obligations and only such duties and obligations as are specifically set forth in this Bond Resolution. In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers invested in it by this Bond Resolution, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of this Bond Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may conclusively rely shall be subject to the provisions of this Section 10.03.

SECTION 10.04. Evidence Upon Which Fiduciaries May Act.

1. Each Fiduciary, upon receipt of any written notice, Supplemental Resolution, written request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Bond Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Bond Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with Counsel, who may or may not be counsel to the Authority, and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by any Fiduciary under this Bond Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Bond Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of an Authorized Officer of the Authority, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Bond Resolution upon the faith thereof.

3. Except as otherwise expressly provided in this Bond Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Authority to any Fiduciary shall be sufficiently executed in the name of the Authority by an Authorized Officer of the Authority.

4. Whenever any Fiduciary shall receive any written notice, Supplemental

Resolution #10-20

Resolution, written request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it via telecopy pursuant to any provision of this Bond Resolution, the Fiduciary shall accept same; provided, however, that the original of any notice, Supplemental Resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Bond Resolution be shall be forwarded to the Fiduciary immediately thereafter.

SECTION 10.05. Compensation.

The Authority shall pay each Fiduciary from time to time reasonable compensation for all services rendered under this Bond Resolution, including, without limitation, the services rendered pursuant to Section 12.01 hereof, and also all reasonable expenses incurred in and about the performance of their powers and duties under this Bond Resolution, and each Fiduciary shall have a lien therefor on any and all Funds and Accounts at any time held by it under this Bond Resolution. Subject to the provisions of Section 10.03 hereof, each of the Authority and the Local Unit further agrees to indemnify and save each Fiduciary harmless against any losses, liabilities or expenses (including legal fees) that it may incur in the exercise and performance of its powers, duties and obligations hereunder that are not due to its negligence or willful misconduct, and such indemnity shall survive the payment of the Bonds and the discharge of this Bond Resolution and the resignation or removal of the Trustee.

SECTION 10.06. Certain Permitted Acts.

Any Fiduciary may become the Holder of any Bonds with the same rights that it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Bond Resolution, whether or not any such committee shall represent the Holders of a majority in aggregate principal amount of the Bonds then Outstanding.

SECTION 10.07. Resignation of Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving not less than sixty (60) days' written notice to the Authority, and mailing notice thereof to the Holders of the Bonds then Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Bondholders as provided in Section 10.09 hereof, in which event such resignation shall take effect immediately upon the appointment of such successor, or unless a successor shall not have been appointed by the Authority or the Bondholders as provided in Section 10.09 hereof on that date, in which event such resignation shall not take effect until a successor is appointed.

SECTION 10.08. Removal of Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee and signed by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority. So long as no Event of Default or any event that, with notice or passage of time or both, would become an Event of Default shall have occurred and be continuing, the Trustee may be removed at any time for just cause (as determined in the sole judgment of the Authority) by a resolution of the Authority filed with the Trustee.

SECTION 10.09. Appointment of Successor Trustee.

1. In case at any time the Trustee shall resign, be removed or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor Trustee may be appointed by the Authority by a duly executed written instrument signed by an Authorized Officer of the Authority. However, if the Authority does not appoint a successor Trustee within forty-five (45) days, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority, may appoint a successor Trustee by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee. After such appointment of a successor Trustee, the Authority shall mail notice of any such appointment made by it or the Bondholders to the Holders of all Bonds then Outstanding.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 10.09 within forty-five (45) days after the Trustee shall have given to the Authority written notice as provided in Section 10.07 hereof or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

3. Any Trustee appointed pursuant to the provisions of this Section 10.09 in succession to the Trustee shall be a bank or trust company or national banking association doing business and having its principal office in the City and State of New York or the State and having capital stock and surplus aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all of the duties imposed upon it by this Bond Resolution.

SECTION 10.10. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under this Bond Resolution shall execute, acknowledge and deliver to its predecessor Trustee and to the Authority an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all of the moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee hereunder; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority or the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all of the right, title and interest of the predecessor Trustee in and to any property held by it under this Bond Resolution, and such predecessor Trustee shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify the Paying Agent of its appointment as Trustee.

SECTION 10.11. Merger or Consolidation.

Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company (i) shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association and (ii) shall be authorized by law to perform all of the duties imposed upon it by this Bond Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

SECTION 10.12. Adoption of Authentication.

In case any of the Bonds contemplated to be issued under this Bond Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in the name of the successor Trustee, and in all such cases such certificate of authentication shall have

Resolution #10-20

the same force and effect that it is anywhere in said Bonds or in this Bond Resolution provided that the certificate of authentication of the Trustee shall have.

SECTION 10.13. Resignation or Removal of Paying Agent; Appointment of Successor.

1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least sixty (60) days' written notice to the Authority, the Trustee and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Authority. Any successor Paying Agent shall be appointed by the Authority with the approval of the Trustee, and shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association and having capital stock and surplus aggregating at least \$20,000,000, and be willing and able to accept the office on reasonable and customary terms and authorized by law to perform all of the duties imposed upon it by this Bond Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor or, if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE XI

AMENDMENTS

SECTION 11.01. Supplemental Resolutions Effective Upon Filing With Trustee.

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Authority may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, shall be fully effective in accordance with its terms:

(a) To close this Bond Resolution against, or provide limitations and restrictions contained in this Bond Resolution on, the authentication and delivery of Bonds;

(b) To add to the duties, covenants, obligations and agreements of the Authority in this Bond Resolution, other duties, covenants, obligations and agreements to be observed and performed by the Authority that are not contrary to or inconsistent with this Bond Resolution as theretofore in effect;

(c) To add to the limitations and restrictions in this Bond Resolution, other limitations and restrictions to be observed by the Authority that are not contrary to or inconsistent with this Bond Resolution as theretofore in effect;

(d) To authorize Bonds of a Series and, in connection therewith, to specify and determine the matters and things referred to in Article II hereof and any other matters and things relative to such Bonds, including whether to issue Bonds in book-entry form, that are not contrary to or inconsistent with this Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination contained in Article II hereof at any time prior to the first authentication and delivery of such Series of Bonds;

(e) To confirm, as further assurance, any security interest, pledge or assignment under this Bond Resolution and the subjection of the Revenues or of any other moneys, securities or funds to any security interest, pledge or assignment created or to be created by this Bond Resolution;

(f) To modify any of the provisions of this Bond Resolution in any other respect whatsoever; provided, however, that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

Resolution #10-20

(g) To modify any of the provisions of this Bond Resolution in any respect provided that the modifications affect only Bonds issued subsequent to the date of such modifications; or

(h) To comply with the provisions of any federal or state securities law, including, without limitation, the Trust Indenture Act of 1939, as amended, or to comply with Section 103 of the Code, as amended, replaced or substituted.

Any rating agency rating the Series 2010 Refunding Bonds must receive notice of each Supplemental Resolution and a copy thereof at least fifteen (15) days in advance of its execution or adoption.

SECTION 11.02. Supplemental Resolutions Effective Upon Consent of Trustee.

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, and (ii) the filing with the Authority of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

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

(b) To insert such provisions clarifying matters or questions arising under this Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with this Bond Resolution as theretofore in effect; or

(c) To make any other modification or amendment of this Bond Resolution that will not have a material adverse effect on the interests of Bondholders.

In making any determination under this Section 11.02, the Trustee may conclusively rely upon an opinion of Counsel.

SECTION 11.03. Supplemental Resolutions Effective With Consent of Bondholders.

At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by the Bondholders in accordance with and subject to the provisions of Sections 11.06 and 11.07 hereof, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and upon compliance with the provisions of Sections 11.06 and 11.07 hereof, shall become fully effective in accordance with its terms as provided in Section 11.07 hereof; provided, however, any Supplemental Resolution that, by its terms, only affects one or more Series of Bonds may be adopted subject solely to the

Resolution #10-20

consent of the Holders of such Series of Bonds so affected.

SECTION 11.04. General Provisions.

1. This Bond Resolution shall not be modified or amended in any respect except by a Supplemental Resolution as provided in, in accordance with and subject to the provisions of this Article XI. Nothing contained in this Article XI shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of this Bond Resolution or the right or obligation of the Authority to execute and deliver to any Trustee any instrument that it is elsewhere provided in this Bond Resolution shall be delivered to said Trustee.

2. Any Supplemental Resolution referred to in and permitted or authorized by Section 11.01 or 11.02 hereof may be adopted by the Authority without the consent of any Bondholder, but shall become effective only on the conditions, to the extent and at the times provided in Section 11.01 or 11.02, respectively. Every Supplemental Resolution filed with the Trustee shall be accompanied by an opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted by the Authority in accordance with the terms and provisions of this Bond Resolution, is authorized or permitted by this Bond Resolution, and is valid and binding upon the Authority in accordance with its terms.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to in and permitted or authorized by Section 11.01, 11.02 or 11.03 hereof and to make all further agreements and stipulations that may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying upon an opinion of Counsel that such Supplemental Resolution is authorized or permitted by the terms and provisions of this Bond Resolution.

4. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

SECTION 11.05. Mailing.

Any provision in this Article XI for the mailing of a notice or other paper to Holders of Bonds shall be fully complied with if it is mailed, postage prepaid only, to each Registered Owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Authority.

SECTION 11.06. Powers of Amendment by Supplemental Resolution.

Unless otherwise permitted under Section 11.01 or 11.02 hereof, any modification or amendment of this Bond Resolution and of the rights and obligations of the Authority and the Holders of Bonds hereunder, in any particular, may be made only by a Supplemental Resolution

Resolution #10-20

with the written consent (i) of the Holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required, and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 11.06. No such modification or amendment shall (i) permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such obligation, (ii) reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or (iii) change or modify any of the rights or obligations of any Trustee without its written assent thereto. For the purposes of this Section 11.06, a Series shall be deemed to be affected by a modification or amendment of this Bond Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may, rely conclusively upon an opinion of Counsel as to whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment of this Bond Resolution, and any such determination shall be binding and conclusive upon the Authority and all Holders of Bonds. For purposes of this Section 11.06, the Holders of any Bonds may include the initial Holders thereof, regardless of whether or not such Bonds are being held for resale.

SECTION 11.07. Consent of Bondholders.

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 11.06 hereof to take effect when and as provided in this Section 11.07. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to Holders of Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section 11.07 provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in Section 11.06 hereof and (b) an opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the terms and provisions of this Bond Resolution, is authorized or permitted by this Bond Resolution, and is valid and binding upon the Authority in accordance with its terms. It shall not

Resolution #10-20

be necessary that the consents of the Holders of Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02 hereof. A certificate or certificates executed by the Trustee and filed with the Authority stating that the Trustee has examined such proof and that such proof is sufficient in accordance with Section 12.02 hereof shall be conclusive evidence that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 12.02 hereof to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee is filed (as hereinafter provided for in this Section 11.07), such revocation and proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.02 hereof. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Authority to the effect that no revocation thereof is on file with the Trustee.

At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution as hereinabove provided, the Trustee shall make and file with the Authority a written statement that the Holders of such required percentages of such Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will become effective as provided in this Section 11.07 may be given to Bondholders by the Authority by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 11.07 provided). The Authority shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 11.07 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Trustee of proof of the mailings of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Authority and any Fiduciary during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such

Resolution #10-20
Supplemental Resolution as it may deem expedient.

SECTION 11.08. Modifications or Amendments by Unanimous Consent.

The terms and provisions of this Bond Resolution and the rights and obligations of the Authority and of the Holders of Bonds hereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Resolution and the consent of the Holders of all Bonds then Outstanding, such consent to be given as provided in Section 11.07 hereof, except that no notice to Holders of Bonds either by mail or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Holders of Bonds.

SECTION 11.09. Exclusion of Bonds.

Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or for any calculation of Outstanding Bonds provided for in this Article XI, and the Authority shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for in this Article XI. At the time of any consent or other action taken under this Article XI, the Authority shall furnish the Trustee a Certificate of an Authorized Officer of the Authority, upon which the Trustee may conclusively rely, describing all Bonds to be so excluded.

SECTION 11.10. Notation on Bonds.

Bonds authenticated and delivered after the effective date of any Supplemental Resolution adopted pursuant to this Article XI may, and, if the Authority so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Resolution, and, in that case, upon demand of the Holder of any Bond then Outstanding and upon presentation of any Bond for such purpose at the Principal Office of the Trustee, a suitable notation shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Resolution shall be prepared, authenticated and delivered and, upon demand of the Holder of any Bond then Outstanding, shall be exchanged upon surrender of such Bonds, without cost to such Holder, for Bonds of the same Series, principal amount, maturity and interest rate then Outstanding. Any action taken as provided in Article X hereof or in this Article XI shall be effective and binding upon all Holders of Bonds notwithstanding that the notation is not endorsed on all Bonds.

SECTION 11.11. Effect of Supplemental Resolutions.

Upon the effective date of any Supplemental Resolution, this Bond Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, covenants, obligations and agreements under this Bond Resolution of the Authority, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all of the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this Bond Resolution for any and all purposes.

SECTION 11.12. Notice of Amendments.

Promptly after the adoption by the Authority of any Supplemental Resolution, the Trustee shall mail a notice, setting forth in general terms the substance of such amendment or modification, to the Holders of any Series of Bonds so affected thereby. However, any failure to give such notice, or any defect therein, shall not in any way impair or affect the validity of any such Supplemental Resolution.

ARTICLE XII

DEFEASANCE

SECTION 12.01. Defeasance of Bonds.

1. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds of any Series the principal or Redemption Price, if applicable, thereof and the interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Resolution, then the pledge of the Trust Estate and all duties, covenants, agreements and other obligations of the Authority to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority, and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Authority all moneys or securities held by it pursuant to this Bond Resolution that are not required for the payment of the principal or Redemption Price, if applicable, of and the interest due or to become due on the Bonds of any Series not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds of any Series the principal or Redemption Price, if applicable, thereof and the interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under this Bond Resolution, and all duties, covenants, agreements and other obligations of the Authority to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding any other provision in this Article XII, all duties, covenants,

Resolution #10-20

agreements and other obligations of the Authority to the Holders of Bonds relating to the exclusion of interest from gross income of the Holders thereof for federal income tax purposes shall survive the defeasance of the Bonds.

2. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the Paying Agent (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section 12.01. Subject to the provisions of subsections (3), (4) and (5) of this Section 12.01, Outstanding Bonds of any Series or Outstanding Bonds of any maturity within any Series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section 12.01 if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee instructions in writing accepted by the Trustee to mail notice of redemption of such Bonds (other than Bonds of a Series that have been purchased by the Trustee at the written direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee either moneys in an amount that shall be sufficient or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which, when due, will provide moneys that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay, when due, the principal or Redemption Price, if applicable, of and the interest due and to become due on such Series of Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Series of Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, instructions to mail, as soon as practicable, a notice to the Holders of such Bonds at their last addresses appearing upon the registry books at the close of business on the last Business Day of the month preceding the month for which notice is mailed that the deposit required by clause (b) above has been made with the Trustee and that such Series of Bonds are deemed to have been paid in accordance with this Section 12.01 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection (5) of this Section 12.01, to be available for the payment of the principal or Redemption Price, if applicable, of and the interest due and to become due on such Series of Bonds (other than Bonds that have been purchased by the Trustee at the written direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). Any notice of redemption mailed pursuant to the preceding sentence with respect to any Series of Bonds, which notice relates to a redemption contemplating less than all of the Outstanding Bonds of any maturity within a Series being redeemed, shall specify the letter and number or other distinguishing mark of each such Bond to be so redeemed. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 12.01 to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund

Resolution #10-20

Installments with respect to such Bonds, all in the manner provided in this Bond Resolution.

The Trustee shall, if so directed in writing by the Authority (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 12.01 that are not to be redeemed prior to their maturity or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have been paid in accordance with this Section 12.01 that are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee with respect to such Bonds and redeem or sell Investment Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds, and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the moneys and Investment Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay, when due, the principal or Redemption Price, if applicable, of and the interest due or to become due on all Bonds with respect to which such moneys and Investment Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 12.01 that are not to be redeemed prior to their maturity or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have been paid in accordance with this Section 12.01 that are to be redeemed on any date prior to their maturity, the Authority shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed paid in accordance with this Section 12.01. The directions given by the Authority to the Trustee referred to in the preceding sentence shall also specify (i) the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 12.01 upon their maturity date or dates and (ii) the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 12.01 on any date or dates prior to their maturity. In the event that on any date, as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 12.01, the total amount of moneys and Investment Securities remaining on deposit with the Trustee under this Section 12.01 is in excess of the total amount that would have been required to be deposited with the Trustee on such date with respect to the remaining Bonds of such Series in order to satisfy clause (b) of this subsection (2) of Section 12.01, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution. Except as otherwise provided in this subsection (2) and in subsections (3), (4) and (5) of this Section 12.01, neither moneys nor Investment Securities deposited with the Trustee pursuant to this Section 12.01 nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and the interest on said

Resolution #10-20

Bonds; provided, however, that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under this Bond Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay, when due, the principal or Redemption Price, if applicable, of and the interest to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and any interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution.

For the purposes of this Section 12.01, Investment Securities shall mean and include only (y) such securities as are described in clause (i) of the definition of "Investment Securities" in Section 1.01 hereof and that are not subject to redemption prior to their maturity other than at the option of the issuer thereof, or (z) upon compliance with the provisions of subsection (3) of this Section 12.01, such securities as are described in clause (i) of the definition of "Investment Securities" and that are subject to redemption prior to their maturity at the option of the issuer thereof on a specified date or dates. In the event of an advance refunding, the Authority shall cause to be delivered a verification report of an Independent Public Accountant.

3. Investment Securities described in clause (z) of subsection (2) of this Section 12.01 may be included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection (2) of this Section 12.01 if and only if, in making the determination as to whether the moneys and Investment Securities to be deposited with the Trustee would be sufficient to pay, when due, the principal or Redemption Price, if applicable, of and the interest due and to become due on the Bonds that will be deemed to have been paid as provided in subsection (2) of this Section 12.01, such determination is made both (i) on the assumption that the Investment Securities described in said clause (z) were not redeemed at the option of the issuer thereof prior to their maturity date and (ii) on the assumption that such Investment Securities were redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Investment Securities, and that the proceeds of such redemption were not reinvested by the Trustee.

4. In the event that, after compliance with the provisions of subsection (3) of this Section 12.01, the Investment Securities described in clause (z) of subsection (2) of this Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection (2) of this Section 12.01 and any such Investment Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee, at the written direction of the Authority, shall reinvest the proceeds of such redemption in Investment Securities; provided, however, that the aggregate of the moneys and Investment

Resolution #10-20

Securities to be held by the Trustee, taking into account any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the Authority in accordance with subsection (5) of this Section 12.01, shall at all times be sufficient to satisfy the requirements of clause (b) of subsection (2) of this Section 12.01.

5. In the event that, after compliance with the provisions of subsection (3) of this Section 12.01, the Investment Securities described in clause (z) of subsection (2) of this Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection (2) of this Section 12.01, then any notice of redemption to be mailed by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Authority, that (i) any redemption date or dates with respect to all or any portion of the Bonds to be redeemed on such date or dates may, at the option of the Authority, be changed to any other permissible redemption date or dates, and (ii) redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 12.01 upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of any Investment Securities described in clause (z) of subsection (2) of this Section 12.01 have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to their maturity date. No such change of redemption dates or establishment of redemption dates may be made unless, taking into account such changed redemption dates or newly established redemption dates, the moneys and Investment Securities on deposit with the Trustee (including any Investment Securities deposited with the Trustee in connection with any reinvestment of redemption proceeds in accordance with subsection (4) of this Section 12.01) pursuant to clause (b) of subsection (2) of this Section 12.01 would be sufficient to pay, when due, the principal and Redemption Price, if applicable, of and the interest on all Bonds deemed to have been paid in accordance with subsection (2) of this Section 12.01.

6. Anything in this Bond Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any Bonds that remain unclaimed after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the fiduciaries at such date, or after the date of deposit of such moneys if deposited with the fiduciaries after the said date when such Bonds became due and payable, shall, be applied, when and as provided in the Uniform Unclaimed Property Act, *N.J.S.A. 46:30B-1 et seq.*, and the fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall have such rights as are provided in said Uniform Unclaimed Property Act.

SECTION 12.02. Evidence of Signatures and Ownership of Bonds.

1. Any request, consent, revocation of consent or other instrument that this Bond Resolution or any Supplemental Resolution may require or permit to be signed and executed by the Holders of Bonds of any Series may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders of Bonds in person or by their attorneys duly appointed in

Resolution #10-20

writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, shall be sufficient for any purpose of this Bond Resolution or any Supplemental Resolution (except as otherwise expressly provided therein) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The fact and date of the execution of such instruments by any Holder of any Bond or his attorney may be proved by a guarantee of the signature thereon by a bank or trust company or at the discretion of the Trustee, by a certificate of any notary public or other officer authorized to take acknowledgments of deeds that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or by a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

2. The ownership of Bonds and the amount, numbers, other identification and date of holding the same shall be proved by the registry books maintained by the Authority and kept by the Trustee.

3. Any request or consent by the Holder of any Bond shall be binding on all future Owners of such Bond with respect to anything done or suffered to be done by the Authority or any Trustee in accordance therewith.

SECTION 12.03. Moneys Held for Particular Bonds.

The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Liability of Authority Limited to Trust Estate.

Notwithstanding anything to the contrary contained in this Bond Resolution or in the Bonds, the Authority shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes in this Bond Resolution, whether for the payment of the principal or Redemption Price, if any, of or the interest on the Bonds or for any other purpose hereof. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority that may be made available to it for such purposes.

SECTION 13.02. Successor Is Deemed Included in All References to Predecessor.

Whenever in this Bond Resolution either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all of the duties, covenants, obligations and agreements contained in this Bond Resolution by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof, whether so expressed or not.

SECTION 13.03. Limitation of Rights to Parties.

Nothing expressed or implied in this Bond Resolution or in the Bonds is intended or shall be construed to give to any person, other than the Authority, the Trustee, the Paying Agent and the Holders of Bonds, any legal or equitable right, remedy or claim under or with respect to this Bond Resolution or any duty, covenant, obligation, agreement, condition or provision herein or therein contained; and all of such duties, covenants, obligations, agreements, conditions and provisions are and shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent and the Holders of Bonds.

SECTION 13.04. Waiver of Notice.

Whenever in this Bond Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 13.05. Destruction of Bonds.

Whenever in this Bond Resolution provision is made for the cancellation of any Bonds by the Trustee and the delivery thereof to the Authority, unless otherwise requested in writing by the Authority, in lieu of such cancellation and delivery, the Trustee shall destroy such Bonds (in the presence of an officer of the Authority, if the Authority shall so require) and deliver a certificate of such destruction to the Authority.

SECTION 13.06. Severability of Invalid Provisions.

If any one or more of the provisions contained in this Bond Resolution shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained herein, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Bond Resolution shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Bond Resolution and each and every section, paragraph, sentence, clause or phrase hereof, and

Resolution #10-20

authorized the issuance of the Bonds pursuant hereto, irrespective of the fact that any one or more of the sections, paragraphs, sentences, clauses or phrases of this Bond Resolution may be held illegal, invalid or unenforceable.

SECTION 13.07. Notices.

1. Any notices, certificates or other communications required or permitted to be given herein shall be in writing (unless otherwise specifically required or permitted herein) and shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Authority, the County, the Local Unit, the Trustee, the Paying Agent and the Rating Agency at the addresses set forth below:

- (a) Authority: The Morris County Improvement Authority
Administration and Records Building
P.O. Box 900
Morristown, New Jersey 07963-0900
Attention: Chairman

- (b) County: County of Morris, New Jersey
Administration and Records Building
P.O. Box 900
Morristown, New Jersey 07963-0900
Attention: County Administrator

- (c) Washington: Town of Washington
39 Trinity Street
Washington, New Jersey 07860
Attention: Chief Financial Officer

- (d) Trustee and Paying Agent: [_____]
385 Rifle Camp Road
Woodland Park, New Jersey 07424
Attention: Corporate Trust Department

- (e) Rating Agency: Moody's Investor Service
99 Church Street
New York, New York 10007-2796

The Authority, the County, Washington, the Trustee, the Paying Agent and the Rating Agency may designate any further or different address to which subsequent notices and communications shall be sent by giving notice thereof to the other parties hereto.

2. Whenever any provision hereof requires that notice be sent to the Authority or the Local Unit, a copy of such notice shall also be sent to the County at the address set forth in Section 13.07(1)(b) hereof.

SECTION 13.08. Disqualified Bonds.

In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Bond Resolution, Bonds that are owned or held by or for the account of the Authority, the Local Unit or any other primary or secondary obligor on the Loan Agreement, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Local Unit or any other primary or secondary obligor on the Loan Agreement, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purpose of this Section 13.08 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Local Unit or any other primary or secondary obligor on the Loan Agreement. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of Counsel shall be full protection to the Trustee.

SECTION 13.09. Funds and Accounts.

Any Fund, Account or subaccount required by this Bond Resolution to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund, an account or a subaccount, and, for the purposes of such records, any audits thereof and any reports or statements with respect thereto may be treated either as a fund, an account or a subaccount; but all such records with respect to all such Funds, Accounts or subaccounts shall at all times be maintained in accordance with generally accepted accounting principles to the extent practicable.

SECTION 13.10. Waiver of Personal Liability.

No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal or Redemption Price, if any, of or the interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, all such liability, if any, being expressly waived and released by each Holder of Bonds by the acceptance of such Bonds, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by this Bond Resolution or by law.

SECTION 13.11. Authority Protected in Acting in Good Faith.

In the exercise of the powers of the Authority and its members, officers, agents and employees under this Bond Resolution, the Loan Agreement or any other document executed in connection with the Bonds, the Authority shall not be accountable to the Local Unit, the Trustee, the Paying Agent or any Bondholder for any action taken or omitted in good faith by it or its members, officers, agents and employees and believed by it or them to be authorized or within the discretion or rights or powers conferred thereon.

SECTION 13.12. Business Days.

Except as otherwise specifically provided in this Bond Resolution, if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day at the place of payment or performance, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date, and in case any payment of the principal or Redemption Price, if any, of or the interest on any Bond shall be due on a date that is not a Business Day, interest on such principal amount shall cease to accrue on the date on which such payment was due if such payment is made on the immediately succeeding Business Day.

ARTICLE XIV

BOND FORM AND EFFECTIVE DATE

SECTION 14.01. Form of Bonds, Trustee's Certificate of Authentication and County Guaranty Certificate.

Subject to the provisions of this Bond Resolution, the form of the Series 2010 Refunding Bonds and any other Series of Bonds designated by Supplemental Resolution, with any appropriate changes as set forth in any such Supplemental Resolution, the Trustee's certificate of authentication and the County Guaranty Certificate shall be in substantially the following form:

[FORM OF BOND]

UNITED STATES OF AMERICA

STATE OF NEW JERSEY

COUNTY OF MORRIS

THE MORRIS COUNTY IMPROVEMENT AUTHORITY

COUNTY OF MORRIS GUARANTEED
LOAN PROGRAM BONDS, SERIES 2010
(WASHINGTON BOARD OF EDUCATION PROJECT)

No. R-__

CUSIP:

Interest	Maturity	Dated	Authentication
Rate	Date	Date	Date
%	[_____] [1][15],	____ September 16, 2009	September 16, 2009

Registered Owner: CEDE & CO.

Principal Sum: _____ DOLLARS (\$_____)

THE MORRIS COUNTY IMPROVEMENT AUTHORITY (the "Authority"), a public body corporate and politic created and existing under the laws of the State of New Jersey, including the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the "Act"), acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or its registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of [____], Woodland Park, New Jersey (such bank and any successors thereto being herein called the "Trustee" and "Paying Agent"), the Principal Sum stated hereon in any coin or currency of the United States of America that at the time of such payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on [____] [1][15] and [____] [1][15] in each year, commencing [____] [1][15], 2010, until the Authority's obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest from the Dated Date stated hereon on such Principal Sum by check or draft of the Paying Agent mailed to such Registered Owner who shall appear as of the fifteenth (15th) day (whether or not such day shall be a Business Day) of the month preceding the month in which such interest payment date occurs on the books of the Authority maintained by the Trustee. However, so long as the Series 2010 Refunding Bonds (as

Resolution #10-20

hereinafter defined) are held in book-entry form pursuant to the Bond Resolution (as hereinafter defined), the provisions of the Bond Resolution governing such book-entry form shall govern the repayment of the principal or Redemption Price of and the interest on the Series 2010 Refunding Bonds.

This bond is one of a duly authorized Series of Bonds of the Authority designated “County of Morris Guaranteed Loan Program Bonds, Series 2010 (Washington Board of Education Project)” (herein called the “Series 2010 Refunding Bonds”), in the aggregate principal amount of not to exceed \$14,000,000 issued under and in full compliance with the Constitution and statutes of the State of New Jersey, including the Act, and under and pursuant to a resolution of the Authority authorizing the Series 2010 Refunding Bonds adopted on June 10, 2009 and entitled “Resolution Authorizing the Issuance of County of Morris Guaranteed Loan Program Bonds (Washington Board of Education Project) and Additional Bonds of The Morris County Improvement Authority”, as amended by a Certificate of the Chairman of the Authority dated September 16, 2009 executed in connection with Section 2.02(1)(e) of said resolution (together with any further amendments thereof or supplements thereto, the “Bond Resolution”).

All capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Bond Resolution.

As provided in the Bond Resolution, the Series 2010 Refunding Bonds, and all other bonds issued on a parity with the Series 2010 Refunding Bonds under the Bond Resolution (herein collectively called the “Bonds”), are direct and special obligations of the Authority payable solely from, and secured as to the payment of the principal or Redemption Price thereof and the interest thereon in accordance with their terms and the provisions of the Bond Resolution solely by, the Trust Estate, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.

The Trust Estate under the Bond Resolution includes (i) certain of the Authority’s right, title and interest in and to that certain Loan Agreement dated as of September 1, 2009 (the “Loan Agreement”) by and between the Authority and the Town of Washington (the “Local Unit”), including, without limitation, the loan payments (the “Loan Payments”) by the Local Unit under the Loan Agreement, (ii) the principal of and interest on the Series 2010 Local Unit Refunding Bond, which principal and interest payments constitute a general obligation of the Local Unit for which the Local Unit shall be obligated to levy *ad valorem* taxes upon all the real property in the Local Unit, without limitation as to rate or amount (iii) with respect to the payment of the principal of and the interest on the Series 2010 Refunding Bonds only, payments made by the County under its guaranty ordinance finally adopted on June 8, 2009 all in accordance with Section 37 of the Act (N.J.S.A. 40:37A-80) and other applicable law, and the guaranty certificate executed by an Authorized Officer of the County on the face of each Series 2010 Refunding Bond (collectively, the “County Guaranty”), (iv) all other Funds and Accounts established under the Bond Resolution (other than the Administrative Fund and the Rebate Fund), including

Resolution #10-20

Investment Securities held in any such Fund thereunder, together with all of the proceeds and revenues of the foregoing, and (v) all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and the interest on the Series 2010 Refunding Bonds in accordance with the terms and provisions of the Bond Resolution.

Copies of the Bond Resolution are on file at the office of the Authority and at the above-mentioned office of the Trustee, and reference is hereby made to the Act and to the Bond Resolution (including any and all supplements thereto and modifications and amendments thereof) for a description of the pledge, assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the Bondholders with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or security thereunder and for the other terms and provisions thereof. All duties, covenants, agreements and obligations of the Authority under the Bond Resolution may be discharged and satisfied at or prior to the maturity or redemption of this bond if moneys or certain specified securities shall have been deposited with the Trustee.

As provided in the Bond Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions in one or more Series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Bond Resolution provided. The aggregate principal amount of Bonds that may be issued under the Bond Resolution is not limited, and all Bonds issued and to be issued under the Bond Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Bond Resolution.

To the extent and in the manner permitted by the terms of the Bond Resolution, the provisions of the Bond Resolution (including any resolution amendatory thereof or supplemental thereto) may be modified or amended by the Authority, (i) without the consent of the Bondholders as provided in the Bond Resolution or (ii) with the written consent of the Holders of at least two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding under the Bond Resolution at the time such consent is given, and, in case less than all of the several Series of Bonds then Outstanding are affected thereby, with such consent of at least two-thirds (2/3) in aggregate principal amount of the Bonds of each Series so affected and Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding under the Bond Resolution, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption (including Sinking Fund Installments) or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the

Resolution #10-20

rights or obligations of the Trustee or of the Paying Agent without its written assent thereto.

This bond is transferable, as provided in the Bond Resolution, only upon the books of the Authority kept for that purpose at the above-mentioned office of the Trustee, as bond registrar, by the Registered Owner hereof in person or such Registered Owner's duly authorized attorney in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee, as bond registrar, duly executed by the Registered Owner or such Registered Owner's duly authorized attorney, and thereupon a new fully registered bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Authority, the Trustee and the Paying Agent may deem and treat the Registered Owner as the absolute Owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and the interest due hereon and for all other purposes.

The Series 2010 Refunding Bonds maturing on or before [_____] [1][15], 2019 shall not be subject to redemption prior to their respective maturity dates. The Series 2010 Refunding Bonds maturing on and after [_____] [1][15], 2020 shall be subject to redemption prior to their respective maturity dates, on or after [_____] [1][15], 2019 at the direction of Washington, upon notice as herein described, either in whole at any time, or in part on any Interest Payment Date, at a redemption price equal to 100% of the principal amount to be redeemed (the "Redemption Price"), plus interest accrued to the date of redemption.

The Series 2010 Refunding Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee, postage prepaid, not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date, to the Registered Owners of any Series 2010 Refunding Bonds or portions thereof to be redeemed at their last addresses, if any, appearing upon the registry books, all in the manner and upon the terms and conditions set forth in the Bond Resolution. If notice of redemption shall have been mailed as aforesaid, the Series 2010 Refunding Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all of the Series 2010 Refunding Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2010 Refunding Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the Registered Owner of any Series 2010 Refunding Bonds to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of Series 2010 Refunding Bonds.

The principal or Redemption Price of and the interest on the Series 2010 Refunding Bonds are payable by the Authority solely from the Trust Estate, and neither the State of New Jersey, the Local Unit (except to the extent of the Loan Payments), the County (except to the extent of payments under the County Guaranty, which shall not secure the payment of any

Resolution #10-20

redemption premium) nor any political subdivision thereof, other than the Authority (but solely to the extent of the Trust Estate), is obligated to pay the principal or Redemption Price of or the interest on this bond and the issue of which it is one, and neither the full faith and credit nor the taxing power of the State of New Jersey, the Local Unit (except to the extent of the Loan Payments), the County (except to the extent of the payments under the County Guaranty, which guaranty shall not secure the payment of any redemption premium) or any political subdivision thereof, including the Authority (which has no taxing power), is pledged to the payment of the principal or Redemption Price of or the interest on this bond and the issue of which it is one.

It is hereby certified and recited that all conditions, acts and things required by law and the Bond Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the Series of Bonds of which this is one, together with all other indebtedness of the Authority, complies in all respects with the applicable laws of the State of New Jersey, including, particularly, the Act.

This bond shall not be entitled to any benefit under the Bond Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

Resolution #10-20

IN WITNESS WHEREOF, THE MORRIS COUNTY IMPROVEMENT AUTHORITY has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman or Vice Chairman, and its seal to be impressed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the Dated Date hereof.

THE MORRIS COUNTY
IMPROVEMENT AUTHORITY

By: _____
Chairman or Vice Chairman

[SEAL]

Attest:

Secretary or Assistant Secretary

Resolution #10-20

[FORM OF CERTIFICATE OF AUTHENTICATION ON BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2010 Refunding Bonds delivered pursuant to the within-mentioned Bond Resolution.

[____],
as Trustee

By: _____
Authorized Signatory

Resolution #10-20

[FORM OF COUNTY GUARANTY CERTIFICATE]

GUARANTY OF THE COUNTY OF MORRIS, NEW JERSEY

The payment of the principal (including mandatory sinking fund installments, if any) of and the interest on this Series 2010 Refunding Bond shall be fully, irrevocably and unconditionally guaranteed by the County of Morris, New Jersey (the "County"), in accordance with the provisions of N.J.S.A. 40:37A-80 and the guaranty ordinance of the County finally adopted pursuant thereto, and the County is fully, irrevocably and unconditionally liable for the payment, when due (whether at stated maturity or earlier on any sinking fund installment due date or date of redemption or acceleration), of the principal (including mandatory sinking fund installments, if any) of and the interest on this Series 2010 Refunding Bond, and, if necessary, the County shall levy *ad valorem* taxes upon all the taxable property within the County, without limitation as to rate or amount, in order to make such payments.

IN WITNESS WHEREOF, the County has caused this Guaranty Certificate to be executed by the manual or facsimile signature of its Freeholder-Director.

COUNTY OF MORRIS, NEW JERSEY

By: _____
Freeholder-Director

Resolution #10-20

The following abbreviations, when used in the inscription on this bond, shall be construed as though they were written out in full according to applicable laws or regulations (additional abbreviations may also be used though not in the following list):

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT

Custodian
(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

ASSIGNMENT

PLOAN INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE (FOR COMPUTER RECORD ONLY): _____

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

(PLoan Print or Typewrite Name and Address of Transferee)

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

_____, Attorney, to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranty:

Signature:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank, trust company, national bank association or other banking institution incorporated under the laws of the United States or a state

NOTICE: The signature of this Assignment must correspond with the name that appears upon the first page of the within bond in every particular, without alteration or enlargement or any change whatever.

Resolution #10-20
of the United States.

Resolution #10-20

SECTION 14.02. Effective Date.

This Bond Resolution shall take effect immediately.

MOVED/SECONDED:

Resolution moved by Commissioner _____.

Resolution seconded by Commissioner _____.

VOTE:

Commissioner	Yes	No	Abstain	Absent
Pinto				
Ramirez				
Roe				
Sandman				
Bonanni				

ATTESTATION:

This Resolution was acted upon at the Regular Meeting of the Authority held on June 10, 2009 at the Authority's principal corporate office in Morristown, New Jersey.

Attested to this ___ day of _____, 2009

By: _____

Secretary of the Authority

FORM and LEGALITY:

This Resolution is approved as to form and legality as of _____, 2009

By: _____

Stephen B. Pearlman, Esq., Partner
DeCotiis, FitzPatrick, & Cole, LLP

Resolution #10-20
Counsel to the Authority

Resolution #10-20

EXHIBIT A

**FORM OF FINANCING DOCUMENTS
(Loan Agreement Amendment No. 1, Escrow Deposit Agreement
and Continuing Disclosure Agreements)**

Resolution #10-20

A-1

A-2

RESOLUTION NO. 10-21

**RESOLUTION OF THE BOARD OF COMMISSIONERS
MORRIS COUNTY IMPROVEMENT AUTHORITY**

TITLE:

RESOLUTION REVIEWING ANNUAL AUDIT OF THE AUTHORITY

WHEREAS, N.J.S.A. 40A:5A-15 requires the governing body of each local authority to cause an annual audit of its accounts to be made; and

WHEREAS, the annual audit report for the fiscal year ended December 31, 2009 has been completed and filed with the Director of the Division of Local Government Services pursuant to N.J.S.A. 40A:5A-15; and

WHEREAS, N.J.S.A. 40A:5A-17 requires the governing body of each Authority to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled "General Comments" and "Recommendations", and has evidenced same by group affidavit in the form prescribed by the Local Finance Board; and

WHEREAS, the members of the governing body have received the annual audit and have personally reviewed the annual audit, and have specifically reviewed the sections of the annual audit report entitled "General Comments" and "Recommendations" in accordance with N.J.S.A. 40A:5A-17.

NOW THEREFORE BE IT RESOLVED that the governing body of the Morris County Improvement Authority hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended December 31, 2009, and specifically has reviewed the sections of the audit report entitled "General Comments" and "Recommendations", and has evidenced same by group affidavit in the form prescribed by the Local Finance Board.

BE IT FURTHER RESOLVED that the Treasurer of the Authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

MOVED/SECONDED:

Resolution moved by Commissioner _____.

Resolution seconded by Commissioner _____.

Commissioner	Yes	No	Abstain	Absent
Bonanni				
Ramirez				
Roe				
Sandman				
Pinto				

ATTESTATION:

This Resolution was acted upon at the Regular Meeting of the Authority held on May 19, 2010 at the Authority’s principal corporate office in Morristown, New Jersey.

Attested to this 19th day of May, 2010

**By: _____
Secretary of the Authority**

FORM and LEGALITY:

This Resolution is approved as to form and legality as of May 19, 2010

**By: _____
Stephen B. Pearlman, Esq., Partner
The Law Office of Stephen B. Pearlman, Esq.
Counsel to the Authority**

LOCAL AUTHORITIES
GROUP AFFIDAVIT FORM

PRESCRIBED BY
THE NEW JERSEY LOCAL FINANCE BOARD

AUDIT REVIEW CERTIFICATE

We, the members of the governing body of the Morris County Improvement Authority, being of full age and being duly sworn according to law, upon our oath depose and say:

1. We are duly appointed members of the Morris County Improvement Authority.
2. We certify, pursuant to N.J.S.A. 40A:5A-17, that we have each reviewed the annual audit report for the fiscal year ended December 31, 2009 and specifically the sections of the audit report entitled "General Comments" and "Recommendations".

(Print)

(Signature)

Frank Pinto

Christina Ramirez

Glenn Roe

Ellen Sandman

John Bonanni

Sworn and subscribed before me this _____ day of _____, 2010.

Notary Public, State of New Jersey

**RESOLUTION OF THE BOARD OF COMMISSIONERS
MORRIS COUNTY IMPROVEMENT AUTHORITY**

TITLE

**RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY
AUTHORIZING THE EXECUTION OF AN ON-LINE COMMUNICATIONS
PROCEDURES LETTER AGREEMENT WITH THE BANK OF NEW YORK MELLON
AND RELATED DOCUMENTS, IN CONNECTION WITH ALL CORPORATE TRUST
TRANSACTIONS INVOLVING THIS BANK.**

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

WHEREAS, the Bank of New York Mellon (the "Bank") was appointed trustee for the holders of several series of bonds issued by the Authority;

WHEREAS, in order to expedite transactions carried out by the Bank, it is, on occasion, necessary for the Authority to communicate with and give directions to the Bank via fax and e-mail;

WHEREAS, the Bank has provided a proposed (i) facsimile/e-mail instruction authorization form ("Communications Form") in substantially the form attached hereto as Exhibit A and (ii) incumbency certificate (the "Incumbency Certificate" and together with the Communications Form, the "Communications Documents") stating which hereinafter defined Authorized Officer can communicate with the Bank through the Communications Form and evidencing their respective signatures thereon in substantially the form attached hereto as Exhibit B;

NOW, THEREFORE, BE IT RESOLVED by The Morris County Improvement Authority as follows:

Section 1. The Chairperson and the Treasurer of the Authority (including their designees, each an "Authorized Officer") are each hereby severally authorized and directed to negotiate, execute and deliver the Communications Form and the Incumbency Certificate with the Banking substantially the forms attached hereto as Exhibit A and B, with such changes

thereto as the Authorized Officer, after consultation with counsel, shall determine to be in the best interests of the Authority, and such Authorized Officer is hereby further authorized to take all such further actions in connection therewith in accordance with all applicable law, including without limitation the execution of other certificates, instruments, documents, as any such Authorized Officer, in consultation with counsel, shall deem necessary, convenient or desirable by any such Authorized Officer to implement the Communications Documents.

Section 2. The Secretary and the Assistant Secretary of the Authority are hereby authorized and directed, where required, to affix the corporate seal of the Authority and to attest to the signature of the Authorized Officer on any such Communications Documents, including such other certificates, instruments or documents contemplated herein. Thereafter the Authorized Officer is hereby authorized and directed to deliver any such fully authorized, executed, delivered, and if applicable, attested and sealed certificates instruments and documents to any interested.

Section 3. This resolution shall take effect immediately.

MOVED/SECONDED:

Resolution moved by Commissioner _____.

Resolution seconded by Commissioner _____.

VOTE:

Commissioner	Yes	No	Abstain	Absent
Pinto				
Ramirez				
Roe				
Sandman				
Bonanni				

ATTESTATION:

This Resolution was acted upon at the Regular Meeting of the Authority held on May 19, 2010 at the Authority’s principal corporate office in Morristown, New Jersey.

Attested to this 19th day of May, 2010

By: _____

Secretary of the Authority

FORM and LEGALITY:

This Resolution is approved as to form and legality as of May 19, 2010

By: _____
Stephen B. Pearlman, Esq., Partner
The Law Office of Stephen B. Pearlman, Esq.
Counsel to the Authority

Exhibit A

Attach Facsimile/E-mail Instruction Authorization

Exhibit B

Attach Form of Incumbency Certificate

RESOLUTION NO. 10-23

**RESOLUTION OF THE BOARD OF COMMISSIONERS
MORRIS COUNTY IMPROVEMENT AUTHORITY**

TITLE:**RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY
APPOINTING AN UNDERWRITER IN CONNECTION WITH THE AUTHORITY'S
COUNTY OF MORRIS GUARANTEED LOAN PROGRAM BONDS, SERIES 2010
(WASHINGTON BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY
IMPROVEMENT AUTHORITY**

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

WHEREAS, the Authority is authorized by the Act and other applicable law to finance public facilities of local governmental units within and including the County through the acquisition of debt issued by or on behalf of such local governmental units;

WHEREAS, on July 29, 2003, the Authority issued its \$20,870,000 original aggregate principal amount of "County of Morris Guaranteed Pooled Program Bonds, Series 2003" (the "*Series 2003 Bonds*") for the purpose, among other things, of financing certain capital projects (collectively the "*Local Unit Project*") of The Board of Education of the Township of Washington, in the County of Morris, New Jersey, a school district duly created and validly existing under the laws of the State (the "*Local Unit*") through the Authority's purchase (with a portion of the proceeds of the Series 2003 Bonds) of the Local Unit's general obligation school district bond entitled "Washington School Bond" in an original aggregate principal amount of \$19,100,300 dated July 15, 2003 (the "*Series 2003 Local Unit Bond*");

WHEREAS, the Local Unit Project was detailed in Exhibit A to that certain "Loan Agreement" dated as of July 1, 2003 (the "*Series 2003 Loan Agreement*") between the Authority and the Local Unit, pursuant to which the Authority loaned the Local Unit a portion of the proceeds of the Series 2003 Bonds for the Local Unit Project (the "*Series 2003 Loan*"), which Series 2003 Loan was to be repaid by the Local Unit in accordance with a debt service schedule set forth in Exhibit B to the Series 2003 Loan Agreement, as evidenced by the Series 2003 Local Unit Bond;

WHEREAS, the Series 2003 Bonds were issued pursuant to (i) a bond resolution of the Authority entitled “Resolution Authorizing the Issuance of County of Morris Guaranteed Authority Pooled Program Bonds, Series 2003, of the Morris County Improvement Authority”, which was duly adopted by the Authority at a meeting thereof duly called and held on June 11, 2003, as amended and supplemented by a Certificate of the Executive Director of the Authority dated July 29, 2003 issued pursuant to Section 2.02(1)(d) of the original bond resolution (collectively, the “*Series 2003 Bond Resolution*”), (ii) the Act, and other applicable law;

WHEREAS, the Series 2003 Bonds are presently Outstanding (as such term is defined in the Series 2003 Bond Resolution) in the aggregate principal amount of \$15,300,000, \$11,705,000 aggregate principal amount of which are scheduled to mature on or after August 15, 2014 (the “*Series 2003 Bonds to be Refunded*”);

WHEREAS, the Authority and the Local Unit have determined that there are debt service savings to be achieved through the advance refunding of the Series 2003 Bonds to be Refunded (the “*Advance Refunding Project*”), which in turn would advance refund the remaining outstanding aggregate principal amount of the Series 2003 Local Unit Bond [in an equal principal amount] (the “*Series 2003 Local Unit Bond to be Refunded*”);

WHEREAS, pursuant to the terms of the Series 2003 Bond Resolution, the earliest date the Series 2003 Bonds to be Refunded can be redeemed is August 15, 2013 at par;

WHEREAS, in order to implement the Advance Refunding Project, and to pay the costs of issuance and fund any necessary reserves or other costs related thereto (collectively the “*Series 2010 Project*”), the Authority shall adopt a bond resolution entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF MORRIS GUARANTEED LOAN PROGRAM REFUNDING BONDS, SERIES 20010 (WASHINGTON BOARD OF EDUCATION PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY" (the “*Bond Resolution*”);

WHEREAS, the Bond Resolution shall authorize the issuance of “County of Morris Guaranteed Loan Program Refunding Bonds, Series 2010 (Washington Board of Education Project)” in the aggregate principal amount not to exceed \$14,000,000 (the “*Series 2010 Refunding Bonds*”);

WHEREAS, the Advance Refunding Project shall be achieved through the deposit of a portion of the proceeds of the Series 2010 Refunding Bonds with the trustee authorized under the Bond Resolution (the “*Trustee*”), as escrow agent (the “*Escrow Agent*”) pursuant to an “Escrow Deposit Agreement” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (the “*Escrow Deposit Agreement*”) between the Authority and the Escrow Agent;

WHEREAS, the Series 2010 Refunding Bonds shall be secured by the Trust Estate established pursuant to the Bond Resolution, which shall consist, in material part, of the payment of the principal, redemption premium, if any, and interest on the general obligation school district bond of the Local Unit entitled “Washington School Refunding Bond” in an original aggregate principal amount not to exceed \$14,000,000 (the “*Series 2010 Local Unit Refunding Bond*”), which Series 2010 Local Unit Refunding Bond shall be payable by the Local Unit, if

necessary, from the levy of *ad valorem* taxes upon all the taxable property within the jurisdiction of the Local Unit, without limitation as to rate or amount;

WHEREAS, the Series 2010 Local Unit Refunding Bond shall be authorized pursuant to:

- (i) Title 18A of the New Jersey Revised Statutes, Chapter 24, including without limitation Article 10 regarding the Renewal and Refunding of Bonds (the “*Public School Bond Law*”);
- (ii) Other applicable law;
- (iii) A resolution authoring the Authority to include all of the Local Unit’s requirements with respect to the Series 2010 Project in the Authority’s Local Finance Board Application (as hereinafter defined), and accordingly submit the Local Finance Board Application on behalf of the Local Unit (the “*Local Unit Local Finance Board Resolution*”);
- (iv) A refunding bond ordinance adopted by the Local Unit pursuant to N.J.S.A. 18A:24-61.2 and other applicable provisions of the Public School Bond Law (the “*Local Unit Refunding Bond Ordinance*”);
- (v) The resolution approving the Local Unit Refunding Bond Ordinance on first reading in accordance with N.J.S.A. 18A:24-61.4 of the Public School Bond Law (the “*Local Unit First Reading Resolution*”); and
- (vi) A resolution authorizing the sale of the Series 2010 Local Unit Refunding Bond to the Authority pursuant to N.J.S.A. 18A:24-46 of the Public School Bond Law (the “*Local Unit Private Sale Resolution*”, and together with the Local Unit Local Finance Board Resolution, the Local Unit Refunding Bond Ordinance, the Local Unit First Reading Resolution, and any other resolutions of the Local Unit pertaining to the Series 2010 Project, the “*Local Unit Official Action*”), which Local Unit Private Sale Resolution may also provide for (x) a non-conforming maturity schedule (e.g., level debt service) for the Series 2010 Local Unit Refunding Bond pursuant to N.J.S.A. 18A:24-7 of the Public School Bond Law, and/or (y) redemption premium pursuant to N.J.S.A. 18A:24-9.1 of the Public School Bond Law, both of which would require Local Finance Board (as hereinafter defined) consent, and (z) authorization for the Local Unit to execute and deliver Loan Agreement Amendment No. 1 and the other Financing Documents (as such terms are hereinafter defined) applicable to the Local Unit;

WHEREAS, the Series 2003 Loan Agreement shall be amended to implement the Series 2010 Project by revising the terms of the Series 2003 Loan (as amended, the “*Loan*”), including the Authority’s purchase of the Series 2010 Local Unit Refunding Bond and the revised debt service schedule for the Loan and the Series 2010 Local Unit Refunding Bond to be set forth on a revised Exhibit B to the Series 2003 Loan Agreement, all through that certain “Amendment

No. 1 to Loan Agreement” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (the “*Loan Agreement Amendment No. 1*”, and together with the Series 2003 Loan Agreement, and as the same may be further amended or supplemented in accordance with its terms from time to time, the “*Loan Agreement*”);

WHEREAS, payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2010 Refunding Bonds shall be fully, unconditionally and irrevocably guaranteed in an aggregate principal amount not to exceed \$14,000,000 in accordance with (i) the terms of a guaranty ordinance of the County to be finally adopted by the Board of Freeholders, (ii) by a guaranty certificate to be executed by an authorized officer of the County on the face of each Series 2010 Refunding Bond and (iii) as may be required by any rating agency, underwriter, Series 2010 Refunding Bond purchaser or other entity that will allow the Authority to sell the Series 2010 Refunding Bonds at the lowest possible cost to the Local Unit, an agreement setting forth the County’s obligation to make any such guaranty payments in accordance with and within the parameters set forth in such ordinance (collectively, the “*County Guaranty*”), all pursuant to Section 37 (“*Section 37*”) of the Act (N.J.S.A. 40:37A-80) and other applicable law, which payments shall also be included as part of the Trust Estate applicable to the Series 2010 Refunding Bonds pledged by the Authority to the Trustee under the Bond Resolution;

WHEREAS, pursuant to the terms of the Loan Agreement, the Local Unit shall constitute a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 (“*Rule 15c-12*”) promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended, will be required to enter into that certain “*Local Unit Continuing Disclosure Agreement*” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (as the same may be amended and supplemented from time to time in accordance with their respective terms, the “*Local Unit Continuing Disclosure Agreement*”) with the Authority and the Trustee, as dissemination agent (the “*Dissemination Agent*”) in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the Bond Resolution due to the County Guaranty, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, the County shall be required to enter into that certain “*County Continuing Disclosure Agreement*” to be dated as of the first day of the month of issuance of the Series 2010 Refunding Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*County Continuing Disclosure Agreement*”) with the Authority and the Dissemination Agent in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the Bond Resolution, the Authority (i) shall not be considered a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 and (ii) shall be required to provide certain material events notices in accordance with Rule 15c2-12, and accordingly, the Authority (a) may be required to enter into a separate continuing disclosure agreement, and (b) shall be required to provide such material events notices under the terms of the Local Unit Continuing Disclosure Agreement, all in order to satisfy the secondary market disclosure requirements of Rule 15c2-12 (the “*Authority Continuing Disclosure Agreement*” and together with the Local Unit Continuing Disclosure

Agreement and the County Continuing Disclosure Agreement, the “Continuing Disclosure Agreements”);

WHEREAS, in order to market and sell the Series 2010 Refunding Bonds, the Authority will have to (i) make an application (the “Local Finance Board Application”) to, and seek, obtain, and officially recognize the findings from the Local Finance Board (the “Local Finance Board”) in the Department of Local Government Services of the State Department of Community Affairs, all in accordance with N.J.S.A. 40A:5A-6, 7 and 8 of the Local Authorities Fiscal Control Law, which Local Finance Board Application, hearing and process shall also incorporate the requests on behalf of the Local Unit seeking certain approvals by the Local Finance Board regarding certain Public School Bond Law requirements related to the Series 2010 Local Unit Refunding Bond, (ii) authorize the distribution of a preliminary official statement “deemed final” within the meaning and for the purposes of Rule 15c2-12 describing the terms of the Series 2010 Refunding Bonds, the Series 2010 Project and the other transactions contemplated hereby (the “Preliminary Official Statement”), (iii) enter into a bond purchase agreement with an underwriter to be selected from the Authority’s qualified underwriter list procured through a fair and open process (the “Underwriter”) by the Authority (the “Bond Purchase Agreement”), (iv) execute and deliver a final Official Statement incorporating the terms of the sale of the Series 2010 Refunding Bonds and certain other information into the Preliminary Official Statement (the “Official Statement”), (v) obtain the Local Unit Official Action, (vi) cause the Local Unit to make certain representations, warranties and covenants concerning the Loan, the Series 2010 Local Unit Refunding Bond and the transactions contemplated hereby prior to their respective execution and delivery of the Series 2010 Local Unit Refunding Bond, but no later than the execution and delivery of the Bond Purchase Agreement (the “Local Unit Letter of Representations”) and (vii) cause the Local Unit to make certain representations, warranties and covenants concerning the Series 2010 Project, the Series 2010 Local Unit Refunding Bond, and the transactions contemplated hereby prior to their respective execution and delivery of the Series 2010 Local Unit Refunding Bond, but no later than the execution and delivery of the Bond Purchase Agreement, all in connection with preserving the exclusion of the interest of the Series 2010 Refunding Bonds from the gross income of the holders thereof for federal income tax purposes (the “Local Unit Tax Certificate” and together with the Preliminary Official Statement, the Bond Purchase Agreement, the Official Statement and the Local Unit Letter of Representations, the “Sale Documents”);

WHEREAS, the Authority shall have no obligation with respect to the Series 2010 Project other than the financing thereof; accordingly, the payment of the Series 2010 Local Unit Refunding Bond shall remain the sole responsibility of the Local Unit; and

WHEREAS, in accordance with Section 13 (“Section 13”) of the Act (N.J.S.A. 40:37A-56), prior to the issuance of the Series 2010 Refunding Bonds, the Authority will have made a detailed report of the Series 2010 Project to the Board of Freeholders, which report will include, without limitation, descriptions of the Bond Resolution, the Local Unit Official Action, the Series 2010 Refunding Bonds, the Series 2010 Local Unit Refunding Bond, the County Guaranty, the Loan Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Agreements, and if necessary, desirable or convenient as determined by the Authority, the County, and as applicable, the Local Unit, such other applicable agreements that may include

one or more of the Local Finance Board Application or any Sale Documents (collectively, the “Financing Documents”);

WHEREAS, in order to purchase the Bonds from the Authority on a negotiated basis pursuant to a Bond purchase agreement (the “**Bond Purchase Agreement**”), market and resell the Bonds to the public as part of an initial public offering, all as permitted pursuant to N.J.S.A. 40:37A-62 of the Act, the Authority needs to contract for the services of an underwriter for its 2010 Refunding Bonds (the “**Underwriter RFP**”);

WHEREAS, as of January 1, 2006, N.J.S.A. 19:44A-20.1 *et seq.*, commonly known as the “**State Pay to Play Law**” became effective;

WHEREAS, pursuant to the State Pay to Play Law, the Authority may not award contracts with a value in excess of \$17,500.00, including the Bond Purchase Agreement, to a business entity, including an underwriter, which has made reportable contributions in excess of \$300.00, in the aggregate, to certain political parties or candidate committees of persons serving in an elective public office when such contract was awarded, unless said business entity is awarded a contract under a “fair and open process” pursuant to the State Pay to Play Law;

WHEREAS, a “fair and open process” constitutes the following: (i) public advertisement on the Authority’s website or in the newspaper of a Request for Qualifications (hereinafter the “**Fair and Open RFQ**”) with ten (10) calendar days notice prior to the receipt of responses to the RFQ; (ii) award of contract under a process that provides for public solicitation of qualifications; (iii) award of contract under publicly disclosed criteria established, in writing, by the Authority prior to the solicitation of qualifications; and (iv) the Authority shall publicly open and announce the qualifications when awarded;

WHEREAS, by resolution no 02-10 adopted July 24, 2002 and entitled “RESOLUTION Adopting a Policy for the Selection of Underwriters and other Ancillary Service Providers in connection with the Sale of Securities,” the Authority has adopted a policy directing that a request for underwriting qualifications (“**Policy RFQ**”) be issued by the Authority from time to time as the initial action required under the Policy for the selection of underwriters in connection with the issuance of Securities to finance Projects;

WHEREAS, pursuant to the Policy and an Authority resolution adopted July 15, 2009 and entitled “RESOLUTION AUTHORIZING THE ISSUANCE OF A REQUEST FOR QUALIFICATIONS FROM UNDERWRITERS”, the Authority caused Acacia Financial Group, Inc. (the “**2009 Financial Advisor**”) to issue a Policy RFQ to various underwriting firms detailed in a report of the 2009 Financial Advisor (the “**2009 Report**”), and based on such 2009 Report, the Authority established the 2009 qualified list of underwriters (the “**2009 Qualified List**”);

WHEREAS, the Authority desires to appoint an underwriter for the purchase of the 2010 Refunding Bonds pursuant to the Bond Purchase Agreement through a “fair and open process” and in accordance with the Policy and the 2009 Qualified List the terms thereof, all to be governed by the State Pay to Play Law, the Policy and other applicable law;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Authority as follows:

Section 1. _____ is hereby designated the Underwriter in connection with the 2010 Refunding Bonds.

Section 2. All actions taken to date by the Authority, the Authorized Officers and the Consultants, with respect to the matters set forth in or contemplated by this resolution, are hereby ratified and approved.

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Section 3. This resolution shall take effect immediately.

MOVED/SECONDED:

Resolution moved by Commissioner _____.

Resolution seconded by Commissioner _____.

VOTE:

Commissioner	Yes	No	Abstain	Absent
Pinto				
Ramirez				
Roe				
Sandman				
Bonanni				

ATTESTATION:

This Resolution was acted upon at the Regular Meeting of the Authority held on May 19, 2010 at the Authority’s principal corporate office in Morristown, New Jersey.

Attested to this 19th day of May, 2010

By: _____

Secretary of the Authority

FORM and LEGALITY:

This Resolution is approved as to form and legality as of May 19, 2010

By: _____

**Stephen B. Pearlman, Esq., Partner
The Law Office of Stephen B. Pearlman, Esq.
Counsel to the Authority**

