

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY

10-27-20

RESOLUTION TO ENTER EXECUTIVE SESSION

WHEREAS, the Open Public Meetings Act provides that the TRMUA may go into Exec. Session to discuss matters that may be confidential or listed pursuant to NJSA 10:4-12; and

WHEREAS, it is recommended by the General Counsel that the TRMUA Commissioners go into Executive Session on October 27, 2020 to discuss matters set forth hereinafter which are permissible to discuss in Executive Session.

NOW THEREFORE BE IT RESOLVED that the Commissioners of the TRMUA shall go into Executive Session to discuss the following items:

LIST

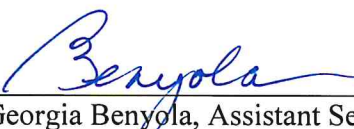
Personnel Matters

Litigation/Potential Litigation

Contractual Matters

I, Georgia Benyola, Assistant Secretary of the Toms River Municipal Utilities Authority, County of Ocean, State of New Jersey, do hereby certify the foregoing to be a true and correct copy of a resolution adopted by the Board of Commissions on October 27, 2020.

IN WITNESS, WHEREOF, I have hereunto set my hand and seal of this Authority this 27th day of October, 2020.



Georgia Benyola, Assistant Secretary

**PLAN DOCUMENT AMENDMENT
OF**

BY THIS AGREEMENT, the Toms River Municipal Utilities Authority, hereafter referred to as the Employer is hereby amending the Plan Document as follows effective 12:01 am, October 1, 2020:

Eligibility Requirements for Employee Coverage. As required by, or do to the spirit and intent of, and for the reasons set forth in Executive order "EO" 172-2020 the employer does hereby waive the waiting period for an otherwise eligible new hire or rehired employee to become enrolled in the employers Medical and Prescription Drug plans during the state of public health emergency pursuant to EO103-2020.

An employee that is currently in the waiting period that existed prior to this waiver on 8/3/2020 may be enrolled retroactively to their date of hire (but in no event before 3/9/2020) provided any back premiums are paid to the plan and any required employee contributions paid to the employer.

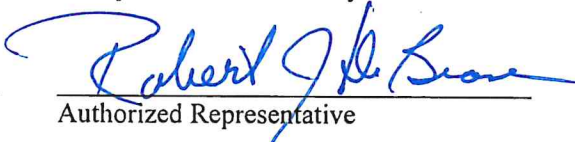
All other eligibility requirements unless inconsistent with this waiver of waiting period remain in full force and effect.

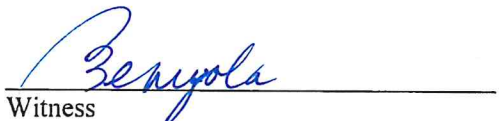
This waiver of waiting period shall end for all those not currently enrolled immediately upon the lifting of the New Jersey State Public Health Emergency unless a superseding plan amendment is made.

IN WITNESS WHEREOF, this Amendment is executed for the Toms River Municipal Utilities Authority on or of the day and year as written. Except as specifically stated, nothing contained in this Amendment shall alter or amend the Plan Document.

The Toms River Municipal Utilities Authority

10-27-2020
Date


Authorized Representative


Witness

Assistant Secretary
Title

RESOLUTION NO. 9A-3

RESOLUTION OF THE TOMS RIVER MUNICIPAL UTILITIES AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$10,000,000 PRINCIPAL AMOUNT OF PROJECT NOTES RELATING TO THE WATER BANK CONSTRUCTION FINANCING PROGRAM OF THE NEW JERSEY INFRASTRUCTURE BANK AND DETERMINING VARIOUS MATTERS RELATING THERETO

WHEREAS, the Toms River Municipal Utilities Authority (the "Authority") has submitted to the New Jersey Department of Environmental Protection (the "DEP") and the New Jersey Infrastructure Bank (the "I-Bank") an application for a capital project as described generally in Exhibit A-1 hereto and an application for acquisition of certain equipment as described generally in Exhibit A-2 hereto (collectively, the "Project"), all as more particularly described in plans which are on file in the offices of the Authority, and costs of issuance; and

WHEREAS, in furtherance thereof, the Authority adopted a resolution on December 18, 2018 expressing its intention to issue tax-exempt obligations to finance all or a portion of the costs of the Project (the "Reimbursement Resolution"); and

WHEREAS, the Authority has determined that there exists a need to acquire, construct and improve the Project, and it is the desire of the Authority to obtain financing for the Project through participation in the environmental infrastructure financing program (the "Environmental Infrastructure Financing Program") of the I-Bank; and

WHEREAS, in order to participate in the Environmental Infrastructure Financing Program, the Authority intends to issue its permanent bonds pursuant to a resolution of the Authority adopted on or about the date of adoption of this resolution, entitled "Resolution of the Toms River Municipal Utilities Authority Authorizing the Issuance and Sale of Not to Exceed \$10,000,000 Principal Amount of Subordinated Revenue Bonds, and Determining Various Matters Relating Thereto" (the "Subordinated Bond Resolution"), in order to provide security for loan(s) from the I-Bank and the State of New Jersey and to provide for, among other things, (1) the permanent financing of the Project; and (2) the payment of the costs associated with the issuance of such bonds; and

WHEREAS, the Authority has determined to temporarily finance the acquisition, construction and improvement of the Project prior to closing with respect to the Environmental Infrastructure Financing Program, and to undertake such temporary financing with the proceeds of one or more short-term loans to be made by the I-Bank (the "Construction Loans") to the Authority, pursuant to the Construction Financing Program of the I-Bank (the "Construction Financing Program"); and

WHEREAS, in order to (i) finance the costs of the Project, (ii) evidence and secure the repayment obligation of the Authority to the I-Bank with respect to the Construction Loans and (iii) satisfy the requirements of the Construction Financing Program, it is the desire of the Authority to

issue and sell to the I-Bank the “Notes Relating to the Water Bank Construction Financing Program of the New Jersey Infrastructure Bank” in an aggregate principal amount of up to \$10,000,000 (collectively, the “Notes”); and

WHEREAS, it is the desire of the Authority to authorize, execute, attest and deliver the Notes to the I-Bank pursuant to the terms of the Municipal and County Utilities Authorities Law (codified at N.J.S.A. 40:14B-1 *et seq.*, as the same may from time to time be amended and supplemented) (the “Authority Enabling Act”) and (to the extent applicable) the “Local Authorities Fiscal Control Law” (codified at N.J.S.A. 40A:5A-1 *et seq.*, as the same may from time to time be amended and supplemented) (the “Local Authorities Fiscal Control Law”); and

WHEREAS, the Authority Enabling Act and N.J.S.A. 58:11B-9 each allow for the sale of the Notes to the I-Bank, without any public offering, all pursuant to the terms and conditions set forth therein; and

WHEREAS, pursuant to N.J.S.A. 40A:5A-9, the Notes will have been approved by the Director of the Division of Local Government Services in the New Jersey Department of Community Affairs prior to their issuance, and accordingly the issuance of findings by the Local Finance Board is not required; and

WHEREAS, the Notes are anticipated to be permanently financed by the Authority at some time in the future pursuant to the terms of the Subordinated Bond Resolution; and

WHEREAS, the Authority desires to set forth certain terms relating to the issuance of the Notes pursuant to this resolution (this “Note Resolution”); and

WHEREAS, this Note Resolution is being adopted with due regard for the rights of the I-Bank and the State of New Jersey as holders of (i) the Authority’s Subordinated Sewer Revenue Bonds, 2009 Series A and Subordinated Sewer Revenue Bonds, 2009 Series B (collectively, the “2009 Subordinated Bonds”) previously issued under a Subordinated Bond Resolution adopted on September 22, 2009, (ii) the Authority’s Subordinated Sewer Revenue Bonds, 2014 Series A and Subordinated Sewer Revenue Bonds, 2014 Series B (collectively, the “2014 Subordinated Bonds”) previously issued under a Subordinated Bond Resolution adopted on October 23, 2013 and (iii) the Authority’s Subordinated Sewer Revenue Bonds, 2020 Series A and Subordinated Sewer Revenue Bonds, 2020 Series B (collectively, the “2020 Subordinated Bonds”) previously issued under a Subordinated Bond Resolution adopted on February 26, 2019, as amended;

NOW, THEREFORE BE IT RESOLVED by the Toms River Municipal Utilities Authority, as follows:

SECTION 1. The Authority hereby determines to undertake the construction of the Project, which has an estimated cost of \$10,000,000. In accordance with the Authority Enabling Act and N.J.S.A. 58:11B-9, in order to provide funds with which to provide for the financing of the Project and in anticipation of the application of the proceeds of the issuance and sale of long-term bonds of the Authority issued for such purpose, the Authority hereby determines to borrow a sum not to exceed Ten Million Dollars (\$10,000,000.00) and to issue its negotiable Notes, from

time to time and in one or more series, in the aggregate principal amount not exceeding said sum. The obligation represented by the Notes has been authorized by this Note Resolution, the Authority Enabling Act and other applicable law. This Note Resolution constitutes a “bond resolution” adopted pursuant to Section 25 of the Authority Enabling Act.

SECTION 2. Each such Note shall be designated “Note Relating to the Water Bank Construction Financing Program of the New Jersey Infrastructure Bank,” and shall contain such other or additional designation as may be determined by the Executive Director of the Authority (the “Executive Director”). Said Notes may be sold at one time or in blocks from time to time as may be determined by the Executive Director. The Executive Director is hereby authorized to determine pursuant to the terms and conditions of this Note Resolution (i) the final principal amount of the Notes (subject to the maximum limitation set forth in Section 3(a) hereof) and (ii) the dated date of the Notes. Any determination made by the Executive Director pursuant to the terms hereof shall be conclusively evidenced by the execution and attestation of the Notes by the parties authorized pursuant to Section 4 hereof.

SECTION 3. The Authority hereby determines that certain terms of the Notes shall be as follows:

- (a) The principal amount of the Notes to be issued shall be an amount up to \$10,000,000, of which up to \$8,700,000 shall be allocable to the portion of the Project described generally in Exhibit A-1 hereto and up to \$1,300,000 shall be allocable to the portion of the Project described generally in Exhibit A-2 hereto;
- (b) The maturity date of the Notes shall be as determined by the I-Bank;
- (c) The interest rate of the Notes shall be as determined by the I-Bank;
- (d) The purchase price for the Notes shall be par;
- (e) The Notes shall be subject to prepayment prior to their stated maturity in accordance with the terms and conditions of the Notes;
- (f) The Notes allocable to the portion of the Project described generally in Exhibit A-1 hereto shall be issued in a single denomination and shall be numbered “NJWB-CFP-2020-1” or as otherwise determined by the I-Bank, and the Notes allocable to the portion of the Project described generally in Exhibit A-2 hereto shall be issued in a single denomination and shall be numbered “NJWB-CFP-2020-2” or as otherwise determined by the I-Bank; and
- (g) The Notes shall be issued in fully registered form and shall be payable to the registered owner thereof as to both principal and interest in lawful money of the United States of America.

SECTION 4. The Notes shall be signed in the name of the Authority by the manual or facsimile signature of the Chairman, Vice Chairman or Secretary of the Authority and shall have the seal of the Authority (or a facsimile thereof) impressed, imprinted or otherwise reproduced thereon and attested by the manual signature of the Chairman, Vice Chairman, Executive Director or Secretary of the Authority (hereinafter called "Authorized Officers").

SECTION 5. The Notes shall be issued in substantially the form of the Note attached hereto as Exhibit B with such changes therein or variations thereof as an Authorized Officer, in consultation with bond counsel to the Authority ("Bond Counsel"), may deem necessary and advisable. The law firm of GluckWalrath LLP is hereby authorized to arrange for the printing of the Notes, which law firm may authorize McCarter & English, LLP, bond counsel to the I-Bank for the Construction Financing Program, to arrange for same.

SECTION 6. The Notes shall constitute direct and special obligations of the Authority. Until such time, if any, as the Authority shall adopt a Senior Lien Bond Resolution (as defined below), the Notes are payable from all legally available funds of the Authority, to the extent derived from "GBR Revenues" (as such term is defined below) of the Authority, and such amounts are hereby pledged and assigned as security for the payment of the Notes, in accordance with the terms and provisions of the Notes and this Note Resolution. From and after such time as the Authority shall adopt a Senior Lien Bond Resolution, the Notes shall be payable solely from the moneys and securities from time to time on deposit in the General Fund (as defined below) (subject to fulfillment of the conditions set forth in the Senior Lien Bond Resolution), as permitted under the Senior Lien Bond Resolution, and such moneys are hereby pledged and assigned as security for the payment of the Notes, in accordance with the terms and provisions of the Notes and this Note Resolution, in which event the pledge in this sentence to holders of the Notes is in all respects subordinate to the provisions of the Senior Lien Bond Resolution and the lien and pledge created by the Senior Lien Bond Resolution. In addition, the pledge in the preceding two sentences is subordinate and subject to any agreements the Authority has with holders of any particular notes, bonds or obligations heretofore issued and pledging specific revenues for the payment thereof, including particularly the 2009 Subordinated Bonds, the 2014 Subordinated Bonds and the 2020 Subordinated Bonds. In addition, without limiting the foregoing obligation, for the punctual payment of the principal of and interest on said Notes, the Authority hereby expressly and irrevocably promises to pay such sums received from the sale of long-term bonds or other obligations to be issued by the Authority to permanently finance the Project as shall be sufficient to pay the principal of and interest on the Notes; however, in the event that long-term bonds or obligations are not issued for any reason, the Authority agrees to charge and collect Service Charges (as defined in the 1975 General Bond Resolution) in an amount sufficient to pay the principal of and interest on the Notes. The Notes shall also be entitled to the benefits of the Service Contract dated June 1, 1975 (the "Service Contract") between the Authority and the Township of Toms River, in the County of Ocean, New Jersey. The Authority shall not issue any future obligations (bonds or notes) to a bondholder or noteholder other than the I-Bank or the State of New Jersey that are payable from the foregoing sources, unless it establishes an intercreditor relationship that is acceptable to the I-Bank.

As used in this Section 6, (i) the term "1975 General Bond Resolution" means the "Resolution Providing for the Issuance of Bonds of The Dover Sewerage Authority and for the

Rights of The Holders Thereof, and Authorizing \$22,000,000 Principal Amount Thereof”, which resolution was adopted by the Authority on November 19, 1975 but was subsequently discharged, (ii) the term “Senior Lien Bond Resolution” means any bond resolution or general bond resolution, other than the 1975 General Bond Resolution, that may be adopted by the Authority which (A) establishes a senior lien on all or substantially all of the revenues of the Authority for the security of any bonds or notes that may be issued from time to time thereunder and (B) establishes a General Fund and sets forth the conditions for withdrawal from time to time of moneys accumulating therein, and (iii) the term “General Fund” means such fund or account, however designated, as may be established under any Senior Lien Bond Resolution, providing generally (A) for the accumulation therein of moneys generated from Authority revenues after provision has been made for the current payment of operating expenses and debt service and the replenishment of any required reserves and (B) for the withdrawal therefrom, free and clear of any lien or pledge created by said Senior Lien Bond Resolution, upon the satisfaction of certain conditions as set forth in said Senior Lien Bond Resolution.

In addition, as used in this Section 6 the term “GBR Revenues” has the following meaning, which is derived from the definition of “Revenues” as contained in the 1975 General Bond Resolution: All Annual Charges (i.e., the sums of money paid or becoming payable by the Township to the Authority pursuant to the Service Contract), all Service Charges (i.e., rents, rates, fees or other charges for direct or indirect connection with, or the use or services of, the System (as defined in the 1975 General Bond Resolution) which the Authority, under the provisions of Section 21 or 23 of the Act, is or may be authorized to charge and collect with regard to persons or real property), and all fees, rents and charges and other income as derived or to be derived in cash by or for the account of the Authority from or for the ownership, operation, use or services of the System, excepting, however, and excluding any Governmental Grant (as defined in the 1975 General Bond Resolution) and any industrial cost recovery surcharges which may be imposed by any schedule of rates adopted by the Authority.

SECTION 7. The Authority may determine to appoint a banking institution to serve as paying agent and depository for the Notes (the “Paying Agent”). If no Paying Agent is appointed, the Authority shall perform the services of the Paying Agent under this Note Resolution. The proceeds derived from the sale of the Notes shall be deposited with and held by the Paying Agent in an account or subaccount herein created and established with the Paying Agent (the “Project Note Account”). Monies so deposited in said Project Note Account shall be used and applied solely for the purpose of (i) paying the costs of the Project and (ii) paying the costs of issuance of the Notes. Monies shall be withdrawn from the Project Note Account from time to time for any of such purposes upon checks, drafts or orders for payments therefrom, signed by an Authorized Officer.

Pending the application of the monies deposited in the Project Note Account to fund the Project, to the extent any funds are advanced prior to payment, such monies shall be invested and reinvested by the Paying Agent on behalf of the Authority in direct obligations of the United States of America or the State of New Jersey, or obligations the principal of and interest on which are guaranteed by the United States of America or agencies of the United States of America. The monies in the Project Note Account to be so invested, and the maturity date or dates, or date or dates of redemption at the option of the holders of such obligations, shall be such as an Authorized Officer shall direct the Paying Agent in writing.

In lieu of the investment of such monies in obligations of the State of New Jersey or the United States of America or agencies thereof, as aforesaid, the Paying Agent shall, upon direction of the Authority in writing, signed by an Authorized Officer, deposit monies from the Project Note Account in interest-bearing time deposits, provided further that each such interest-bearing time deposit or other similar banking arrangement shall permit the monies so placed to be available for use at the times provided with respect to the investment or reinvestment of such monies; and provided further that all monies in each such interest-bearing time deposit or other similar banking arrangement shall be, except to the extent of federal deposit insurance, continuously and fully secured by direct obligations of the United States of America, the State of New Jersey or the Authority, of a market value equal at all times to the amount of the deposit or of the other similar banking arrangement.

SECTION 8. With respect to the Notes, the Authority covenants and agrees as follows:

(1) It shall neither take any action nor fail to take any action which, if either taken or not taken, would adversely affect the exclusion of the interest on the Notes from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), or any permanent bonds, as if issued on a tax-exempt basis. To the extent permitted by law, however, nothing contained herein shall prevent the Authority from issuing bonds, the interest on which is not excluded from gross income for federal income tax purposes, provided that such issuance will not adversely affect such exclusion of interest on any Note issued hereunder (as if issued on a tax-exempt basis).

(2) The Authority shall not use or permit the use of any proceeds of the Notes or any other funds of the Authority, directly or indirectly, to acquire securities or obligations, and shall not use or permit the use of any amounts received by the Authority in any manner, and shall not permit to be taken any other action or actions, which would cause any Note to be an "arbitrage bond" within the meaning of Section 148 of the Code if the Notes are issued with the expectation that interest will be excludable from gross income. In order to assure compliance with the rebate requirements of Section 148 of the Code, the Authority further covenants that it will establish such accounting procedures as are necessary to adequately determine, account for and pay over any amount or amounts required to be paid to the Treasury Department of the United States in a manner consistent with the requirements of Section 148 of the Code.

(3) The Authority shall not be required to comply with any provision in this Section 8 in the event the Authority receives an opinion of nationally recognized bond counsel (a "Bond Counsel's Opinion") that compliance therewith is not required to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, or in the event the Authority receives a Bond Counsel's Opinion that compliance with some other requirement in lieu of a requirement specified herein will be sufficient to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, in which case compliance with such other requirement specified in the Bond Counsel's Opinion shall constitute compliance with the requirement specified in this Section.

SECTION 9. If the Authority shall pay, or shall deposit in escrow with a bank or trust company, monies or investments in direct obligations of the United States of America, or

obligations the principal of and interest on which are guaranteed by the United States of America, the principal of and interest on which when due will provide monies which together with the monies, if any, on deposit in escrow at the same time, shall be sufficient to pay, when due, the principal and interest due and to become due on the Notes on the maturity date thereof, then and in that event, the covenants, agreements and other obligations of the Authority to the holders of the Notes shall be discharged, defeased and satisfied.

SECTION 10. Nothing contained in the foregoing provisions of this Note Resolution is intended to limit, nor shall be construed as limiting, in any way, the authorization, issuance or securing of any additional notes, bonds or other obligations of the Authority.

SECTION 11. All covenants, stipulations, promises, agreements and obligations of the Authority contained in this Note Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Notes or for any claim based thereon or on this Note Resolution against any member, officer or employee of the Authority or any person executing said Notes.

SECTION 12. The Authorized Officers of the Authority are hereby further authorized to (i) execute and deliver, and the Secretary is hereby further authorized to attest to such execution and to affix the corporate seal of the Authority to, any document, instrument or closing certificate deemed necessary, desirable or convenient by the Executive Director or the Secretary, as applicable, in their respective sole discretion, after consultation with counsel and any advisors to the Authority and after further consultation with the I-Bank and its representatives, agents, counsel and advisors, to be executed in connection the issuance and sale of the Notes and the participation of the Authority in the Construction Financing Program, which determination shall be conclusively evidenced by the execution of each such certificate or other document by the party authorized hereunder to execute such certificate or other document, (ii) file a certified copy of this Note Resolution with the Municipal Clerk of the Township in accordance with N.J.S.A. 40:14B-28, (iii) publish notice of the adoption of this Note Resolution in accordance with N.J.S.A. 40:14B-28 substantially in the form attached hereto as Exhibit B, and (iv) perform such other actions as the Executive Director and the Secretary deem necessary, desirable or convenient in relation to the execution and delivery of the Notes and the participation of the Authority in the Construction Financing Program. Costs of issuance of the Notes are hereby authorized to be paid in such amounts and to the persons or firms listed on a certificate executed by an Authorized Officer and delivered in connection with the issuance of any Notes.

SECTION 13. Upon the adoption hereof, the Secretary shall forward certified copies of this Note Resolution to GluckWalrath LLP, bond counsel to the Authority, to David Zimmer, Executive Director of the I-Bank, and to Richard T. Nolan, Esq., McCarter & English, LLP, bond counsel to the I-Bank.

SECTION 14. This Note Resolution shall take effect immediately.

I certify that the foregoing is a true and correct copy of a resolution duly passed and adopted at a meeting of the Toms River Municipal Utilities Authority held on the 27th day of October, 2020.


Secretary

EXHIBIT A-1 TO NOTE RESOLUTION

DESCRIPTION OF THE CAPITAL PROJECT

Dig/Replace Pipe: Rehabilitation via excavation, removal/replacement of approximately 65 separate locations of different Pipe sections, which are suffering from sags, offset joints, etc., and are not conducive to trenchless rehabilitation. Current defective pipe conditions are restricting flow, and/or are prone to grease buildup, etc.

Foster Road Pipe Replacement: Replace and properly abandon an existing sagged, 150 LF of sixteen-inch diameter (16" Ø) gravity pipe (ACP material, circa 1968), crossing beneath State Hwy #37, with a new alignment (via jack/bore) of 150 LF of fifteen-inch diameter (15" Ø) PVC.

Sewer/Manhole Rehabilitation: Rehabilitation of several pipes and manholes, via Cured-In-Place Lining, throughout various sections of the collection system.

Replacement/Supplemental Force Mains: Directionally drill installation of replacement/supplemental force mains to have backup/redundancy to existing force mains.

EXHIBIT A-2 TO NOTE RESOLUTION

DESCRIPTION OF THE EQUIPMENT TO BE ACQUIRED

Equipment Purchases: Acquisition of (i) one replacement Dump Truck Vehicle, (ii) one replacement Utility Truck Vehicle with Crane, (iii) one replacement Jetter Vacuum Truck Vehicle, (iv) three replacement portable generators for use at Pump Stations 14, 15 and 20, and (v) four new Wetwell-Mounted Grinders for use at Pump Stations 24, 25, 26 and 30.

EXHIBIT B TO NOTE RESOLUTION

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY

NOTE RELATING TO THE WATER BANK CONSTRUCTION FINANCING
PROGRAM OF THE NEW JERSEY INFRASTRUCTURE BANK

§ _____, 2020
NJWB-CFP-2020-1

FOR VALUE RECEIVED, the TOMS RIVER MUNICIPAL UTILITIES AUTHORITY, a municipal utilities authority, acting as a public body corporate and politic with corporate succession duly created and validly existing pursuant to the laws of the State (as hereinafter defined), including, without limitation, the Borrower Enabling Act (as hereinafter defined), and its successors and assigns (the "Borrower"), hereby promises to pay to the order of the NEW JERSEY INFRASTRUCTURE BANK, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the "I-Bank"), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this "Note"); provided, however, that portions of the Interest may be due and payable earlier, at the time(s) and in the amount(s), as and to the extent provided in accordance with Section 4 hereof.

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

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

"Administrative Fee" means the "NJDEP Fee" as defined and calculated in Exhibit B hereto, which is an administrative fee that is payable by the Borrower to the NJDEP (at the time and in the amount as is established by the provisions of Section 4(b) hereof) as a portion of the Cost of the Project that has been incurred by the Borrower for engineering and environmental services provided to the Borrower by the NJDEP.

"Anticipated Financing Program" means the New Jersey Water Bank financing program of the I-Bank, pursuant to which the I-Bank will issue its I-Bank Bonds for the purpose of financing, on a long-term basis, the Project as well as other projects of certain qualifying borrowers.

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

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

“Borrower Note Resolution” means the resolution of the Borrower entitled “RESOLUTION OF THE TOMS RIVER MUNICIPAL UTILITIES AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$10,000,000 PRINCIPAL AMOUNT OF PROJECT NOTES RELATING TO THE WATER BANK CONSTRUCTION FINANCING PROGRAM OF THE NEW JERSEY INFRASTRUCTURE BANK AND DETERMINING VARIOUS MATTERS RELATING THERETO”, adopted on October 27, 2020, as amended and supplemented from time to time, pursuant to which this Note has been issued.

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

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

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

“Credit Policy” means the “New Jersey Infrastructure Bank Credit Policy,” as adopted by the Board of Directors of the I-Bank and as further amended and supplemented from time to time.

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

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

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

“Financial Plan” means the then-applicable Financial Plan, as prepared for the then-current State Fiscal Year and as submitted to the State Legislature by the I-Bank and the NJDEP, all pursuant to, and in satisfaction of the requirements of, sections 21, 21.1, 22 and 22.1 of the Act.

“General Fund” means such fund or account, however designated, as may be established under any Senior Lien Bond Resolution, providing generally (A) for the accumulation therein of moneys generated from Borrower revenues after provision has been made for the current payment of operating expenses and debt service and the replenishment of any required reserves and (B) for the withdrawal therefrom, free and clear of any lien or pledge created by said Senior Lien Bond Resolution, upon the satisfaction of certain conditions as set forth in said Senior Lien Bond Resolution.

“I-Bank Bonds” means the revenue bonds of the I-Bank to be issued pursuant to, and as part of, the Anticipated Financing Program.

“Interest” means the interest that shall accrue on a daily basis with respect to Principal to be calculated each day by applying the Interest Rate established for a State Fiscal Year divided by 360 to the Principal amount on that day.

“Interest Rate” means the rate of interest as shall be established by an Authorized Officer of the I-Bank in a manner consistent with the terms and provisions of the Financial Plan for such State Fiscal Year.

“Issue Date” means the date of issuance of this Note.

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

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

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

“Maturity Date” means the Maturity Date as determined pursuant to clause (i), (ii) or (iii) of this definition, subject to being redetermined pursuant to clause (iv) or (v) of this definition, but subject, in all events, to the rights and remedies of the I-Bank pursuant to the provisions of Section 6 hereof and the provisions of Section 7 hereof in furtherance of the enforcement by the I-Bank of all covenants and obligations of the Borrower hereunder, including, without limitation and in particular, the covenants and obligations of the Borrower set forth in Section 3 hereof.

(i) If the construction contract relating to the Project has not been certified for funding pursuant to the Act by the date that is the second anniversary of the Issue Date, then the Maturity Date shall be the second anniversary of the Issue Date. If this clause (i) is applicable, then the Maturity Date shall be _____, 202_, being the second anniversary of the Issue Date.

(ii) If the construction contract relating to the Project has been certified for funding pursuant to the Act prior to the Issue Date, then the Maturity Date shall be June 30 of the third State Fiscal Year following the State Fiscal Year in which the Issue Date occurs, which is June 30, 202_. In the event that there is more than one construction contract relating to the Project, the determination under this clause (ii) shall be based on the first construction contract that has been certified for funding pursuant to the Act.

(iii) If the construction contract relating to the Project has been certified for funding pursuant to the Act after the Issue Date and on or before the date that is the second anniversary of the Issue Date, then the Maturity Date shall be June 30 of the third State Fiscal Year following the State Fiscal Year in which the construction contract relating to the Project has been certified for funding pursuant to the Act. In the event that there is more than one construction contract relating to the Project, the determination under this clause (iii) shall be based on the first construction contract that has been certified for funding pursuant to the Act. Thus,

(A) If this clause (iii) is applicable, and if the first construction contract relating to the Project has been certified for funding in the same State Fiscal Year as the State Fiscal Year during which the Issue Date occurs, then the Maturity Date shall be June 30, 202_, being June 30 of the third State Fiscal Year following the State Fiscal Year during which the Issue Date occurs.

(B) If this clause (iii) is applicable, and if the first construction contract relating to the Project has been certified for funding in the first State Fiscal Year following the State Fiscal Year during which the Issue Date occurs, then the Maturity Date shall be June 30, 202_, being June 30 of the third State Fiscal Year following the State Fiscal Year in which the construction contract has been certified for funding.

(C) If this clause (iii) is applicable, and if the first construction contract relating to the Project has been certified for funding in the second State Fiscal Year following the State Fiscal Year during which the Issue Date occurs (but on or before the second anniversary of the Issue Date), then the Maturity Date shall be June 30, 202_, being June 30 of the third State Fiscal Year following the State Fiscal Year in which the construction contract has been certified for funding.

(iv) Notwithstanding any of the foregoing, the Maturity Date shall be such earlier date as shall be determined by an Authorized Officer of the I-Bank in his or her sole discretion, which date shall be determined by such Authorized Officer of the I-Bank to be the date of the closing for the Anticipated Financing Program.

(v) Notwithstanding any of the foregoing, the Maturity Date shall be such later date (subject to the then-applicable limits of the Act) to be determined by an Authorized Officer of the I-Bank in his or her sole discretion, pursuant to a written certification thereof, as acknowledged and agreed by an Authorized Officer of the Borrower.

“New Jersey Water Bank” means the joint initiative of the I-Bank and the NJDEP to provide low-cost financing to qualified applicants with respect to water quality projects that are identified in the Act.

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

“Payment Date” means, as applicable: (i) the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan pursuant to the terms of this Note, the date of such optional prepayment or acceleration; provided, however, that in all cases, a portion of the Interest shall be payable by the Borrower to the I-Bank prior to the Maturity Date as provided in Section 4 hereof.

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

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

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

“Revenues” means (i) until such time (if any) as the Borrower shall adopt a Senior Lien Bond Resolution, all legally available funds of the Borrower to the extent derived from “GBR Revenues” (as such term is defined in the Borrower Note Resolution) of the Borrower, or (ii) from and after such time as the Borrower shall adopt a Senior Lien Bond Resolution, the moneys and securities from time to time on deposit in the General Fund (subject to fulfillment of the conditions set forth in the Senior Lien Bond Resolution), as permitted under the Senior Lien Bond Resolution, as provided in Section 6 of the Borrower Note Resolution.

“Senior Lien Bond Resolution” means any bond resolution or general bond resolution, other than the 1975 General Bond Resolution, that may be adopted by the Borrower which (A) establishes a senior lien on all or substantially all of the revenues of the Borrower for the security of any bonds or notes that may be issued from time to time thereunder and (B) establishes a

General Fund and sets forth the conditions for withdrawal from time to time of moneys accumulating therein.

“State” means the State of New Jersey.

“Subordinated Bond Resolution” means the resolution of the Borrower entitled “RESOLUTION OF THE TOMS RIVER MUNICIPAL UTILITIES AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$10,000,000 PRINCIPAL AMOUNT OF SUBORDINATED REVENUE BONDS, AND DETERMINING VARIOUS MATTERS RELATING THERETO”, adopted on October 27, 2020, as amended and supplemented from time to time, pertaining to the Project.

“1975 General Bond Resolution” means the “Resolution Providing for the Issuance of Bonds of The Dover Sewerage Authority and for the Rights of The Holders Thereof, and Authorizing \$22,000,000 Principal Amount Thereof”, which resolution was adopted by the Borrower on November 19, 1975 but was subsequently discharged.

SECTION 2. Representations of the Borrower. The Borrower hereby represents and warrants to the I-Bank, as follows:

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

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

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the adoption of the Borrower Note Resolution, (iii) the ability of the Borrower to satisfy all of its Loan repayment

obligations hereunder, (iv) the authorization, execution, attestation, authentication or delivery of this Note, (v) the issuance of this Note and the sale thereof to the I-Bank, and (vi) the Borrower's ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note, including, without limitation, the undertaking and completion of the Project.

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

(e) I-Bank Credit Policy. The Borrower is in full compliance with the applicable requirements of the Credit Policy as in effect on the date hereof.

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

SECTION 3. Covenants of the Borrower.

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

(b) Revenue Pledge. The Borrower irrevocably pledges the Revenues in accordance with the terms of, and to the extent provided in, the Borrower Note Resolution, for the punctual payment of any and all obligations and amounts due under this Note (including, without limitation, the payment of the Administrative Fee in the amount and at the time as required by the provisions of Section 4(b) hereof). Such pledge of said amounts is and shall be in all respects subordinate to the provisions of the Subordinated Bond Resolution and the lien and pledge created by the Subordinated Bond Resolution. The Borrower acknowledges that, to assure the continued operation and solvency of the I-Bank, the I-Bank may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the I-Bank in full any Loan repayments, any Interest or any other amounts due pursuant to this Note, an amount sufficient to satisfy such deficiency shall be paid by the State Treasurer to the I-Bank from State-aid otherwise payable to any municipality or county to which the Borrower provides services pursuant to a contractual arrangement.

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

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

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in

good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System, separate and distinct from its other records and accounts, which shall be audited annually by an independent registered municipal accountant and shall be made available for inspection by the I-Bank upon prior written notice. The Borrower covenants and agrees that it shall permit the I-Bank (and any party designated thereby to act on its behalf or to assist it, including, without limitation, its professional advisors), at any and all reasonable times during construction of the Project and thereafter, upon prior written notice, (i) to visit, inspect and examine the property constituting the Project and the site on which the Project is located, and (ii) to inspect (and make and retain copies of) any Borrower accounts, books, records, correspondence and files, including, without limitation, Borrower records regarding contracts, receipts, disbursements, investments and the overall financial standing of the Borrower, and any other matters related to the Borrower, the Project and the foregoing list of deliverables. In furtherance of the intent of this subsection, the Borrower covenants and agrees that it shall promptly prepare and provide such written reports and informational summaries as the I-Bank may reasonably require.

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

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

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

(a) The I-Bank shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the I-Bank of a Loan Disbursement Requisition and the approval of such Loan Disbursement Requisition by an Authorized Officer of the I-Bank, or a designee thereof, each such disbursement and the date thereof to be recorded and maintained by an Authorized Officer of the I-Bank, or a designee thereof, in the records of the I-Bank with respect to the Loan; provided, however, that the approval by the I-Bank of any Loan Disbursement Requisition for disbursement pursuant to the terms hereof shall be subject to the terms, conditions and limitations as set forth in Section 4(d) of this Note. It is expected that the proceeds of the Loan will be disbursed to the Borrower in accordance with the schedule set forth in Exhibit C hereto, as Exhibit C shall be supplemented by an Authorized Officer of the I-Bank by means of either a substitute Exhibit C or an additional Exhibit C, such supplement to be implemented concurrently with the supplement to Exhibit A-1 hereto (as provided in the definition of "Project" as set forth herein). The latest date upon which the Borrower may submit

to the I-Bank a Loan Disbursement Requisition is the business day immediately preceding the date fixed by the I-Bank for the sale of its I-Bank Bonds in connection with the Anticipated Financing Program, or such alternative date as shall be identified by the I-Bank for the Borrower in writing.

(b) Notwithstanding the provisions of Section 4(a) to the contrary, the Borrower hereby acknowledges and agrees, as follows: (i) to the extent that all or a portion of the Interest is funded by the Loan (as provided pursuant to Exhibit B hereto, as Exhibit B may hereafter be amended or supplemented as provided by the provisions hereof), payment of such Interest shall be made to the I-Bank via one or more disbursements by the I-Bank hereunder, at the times and in the amounts, as and to the extent provided in one or more written notices provided to the Borrower pursuant to the terms hereof by an Authorized Officer of the I-Bank, or a designee thereof, and each such disbursement shall be recorded by an Authorized Officer of the I-Bank or a designee thereof, and maintained in the records of the I-Bank with respect to the Loan; and (ii) (ii) on the date of issuance of this Note, a disbursement shall be made and shall be recorded and maintained by an Authorized Officer of the I-Bank, or a designee thereof, in the records of the I-Bank with respect to the Loan for purposes of funding fifty percent (50%) of the Administrative Fee identified in Exhibit B hereto, with such disbursement (and any subsequent and supplemental disbursements made pursuant to Exhibit B hereto, as Exhibit B may hereafter be amended or supplemented as provided by the provisions hereof) being made by the I-Bank on behalf of the Borrower directly to the NJDEP. The Borrower further acknowledges and agrees that the remaining unpaid balance of the Administrative Fee shall be due and payable on the Maturity Date or as otherwise established by the I-Bank pursuant to the terms of the Anticipated Financing Program.

(c) On the Maturity Date or, with respect to the payment of all or a portion of the Interest, on the applicable Payment Date(s) as and to the extent provided herein, the Borrower shall repay the Loan to the I-Bank in an amount equal to: (i) the Principal; (ii) the Interest then due and owing pursuant to the provisions of this Note; and (iii) any other amounts then due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the I-Bank. Each payment made to the I-Bank shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, any late charges, and, finally, any other amount then due and payable pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the I-Bank later than the Maturity Date or the Payment Date, as the case may be, a late fee shall be payable to the I-Bank in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date or the Payment Date, as the case may be, plus one half of one percent per annum on such late payment from the Maturity Date or the Payment Date, as the case may be, to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

(d) Notwithstanding the provisions of this Note to the contrary with respect to the funding, pursuant to Section 4(a) hereof, of any Loan Disbursement Requisition relating to all or any portion of the Project, the Borrower hereby acknowledges and agrees, as follows: (i) the I-Bank shall not, and shall not be required to, commit funds, pursuant to the Water Bank

Construction Financing Program of the I-Bank, to any portion of the Project until such time as the particular portion of the Project in question has been certified for funding by the NJDEP; (ii) no Loan Disbursement Requisition shall be approved by the I-Bank for disbursement pursuant to Section 4(a) hereof unless and until the portion of the Project to which such Loan Disbursement Requisition relates has been certified for funding by the NJDEP; and (iii) the I-Bank has no obligation pursuant to this Note to make all or any portion of any Loan Disbursement Requisition disbursement pursuant to the provisions of Section 4(a) hereof if the Borrower lacks the authority to pay interest on this Note in an amount equal to the Interest Rate.

SECTION 5. Unconditional Obligations. The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the I-Bank to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the I-Bank or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

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

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the I-Bank to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to

enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the I-Bank shall have the right to (i) immediately cease disbursements of the proceeds of the Loan, and/or (ii) declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the I-Bank to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby further acknowledges and agrees that, pursuant to the I-Bank's Credit Policy, during such time as an Event of Default has occurred and is continuing hereunder, the Borrower shall be ineligible for additional financial assistance from the I-Bank (including, without limitation, long-term financing through the Anticipated Financing Program), in addition to certain other consequences set forth in the Credit Policy. The Borrower hereby agrees that upon demand it shall pay to the I-Bank the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the I-Bank pursuant to this Section 7 shall be applied first to pay any attorneys' fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby acknowledges and agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: Toms River Municipal Utilities Authority, 340 West Water Street, Toms River, New Jersey 08753, Attention: Executive Director; and to the I-Bank at the following address: New Jersey Infrastructure Bank, 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey 08648-2201, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the I-Bank shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the I-Bank; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the I-Bank, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; (h) whenever the Borrower is required to obtain the determination, approval or consent of the I-Bank pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the I-Bank in its sole and absolute discretion; and (i) consistent with the provisions of N.J.S.A. 58:11B-13, neither the directors of the I-Bank nor any officers of

the I-Bank taking any action with respect to this Loan shall be liable personally with respect to the Loan or any matters or transactions related thereto.

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

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



[SEAL]

ATTEST:

**TOMS RIVER MUNICIPAL UTILITIES
AUTHORITY**


By: _____

Carmen J. Memoli
Chairman



Robert G. DiBiase
Secretary

EXHIBIT C TO NOTE RESOLUTION

**TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
NOTICE OF ADOPTION OF BOND RESOLUTION**

PUBLIC NOTICE is hereby given that a resolution entitled: "RESOLUTION OF THE TOMS RIVER MUNICIPAL UTILITIES AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$10,000,000 PRINCIPAL AMOUNT OF PROJECT NOTES RELATING TO THE WATER BANK CONSTRUCTION FINANCING PROGRAM OF THE NEW JERSEY INFRASTRUCTURE BANK AND DETERMINING VARIOUS MATTERS RELATING THERETO" (the "Resolution") was adopted by the Toms River Municipal Utilities Authority (the "Authority") on October 27, 2020. Copies of said Resolution have been filed and are available for public inspection in the office of the Municipal Clerk of the Township of Toms River, in the County of Ocean, New Jersey, in the Municipal Building in said Township located at 33 Washington Street, Toms River, New Jersey 08753, and in the office of said Authority, 340 West Water Street, Toms River, New Jersey 08753.

Any action or proceeding of any kind or nature in any court questioning the validity of the creation or establishment of the Authority, or the validity or proper authorization of the notes provided for by the Resolution, or the validity of any covenants, agreements or contracts provided for by the Resolution shall be commenced within twenty (20) days after the first publication of this notice.

TOMS RIVER MUNICIPAL UTILITIES
AUTHORITY

BY: ROBERT J. DIBIASE
EXECUTIVE DIRECTOR

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY

**RESOLUTION OF THE TOMS RIVER MUNICIPAL UTILITIES
AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF
NOT TO EXCEED \$10,000,000 PRINCIPAL AMOUNT OF
SUBORDINATED REVENUE BONDS, AND DETERMINING
VARIOUS MATTERS RELATING THERETO**

Adopted October 27, 2020

BE IT RESOLVED by the Members of the Toms River Municipal Utilities Authority as follows:

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 101. Authority for Resolution. This Resolution (the "Resolution") is adopted pursuant to the provisions of the Act (as hereinafter defined).

Section 102. Resolution to Constitute a Contract. As set forth in Section 30 of the Act, N.J.S.A. 40:14B-30, the provisions of this Resolution and all of the covenants and agreements herein contained shall constitute valid and legally binding contracts between the Authority, on the one hand, and the Holders of the Subordinated Bonds, on the other hand, and shall be enforceable by the Holders of the Subordinated Bonds in the manner and to the extent herein provided.

Section 103. Definitions.

(a) In this Resolution, the following terms shall have the meanings set forth below:

Act shall mean the Municipal and County Utilities Authorities Law, Ch. 183, L. 1957, as the same may be amended and supplemented from time to time.

Authority shall mean the Toms River Municipal Utilities Authority, a public body corporate and politic, with corporate succession, originally incorporated as the Dover Sewerage Authority and formerly known as the Dover Municipal Utilities Authority which pursuant to the Act constitutes an instrumentality of the State and in the exercise of the powers conferred by the Act shall be deemed and held to be performing an essential governmental function of the State.

Authorized Officer of the Authority shall mean the Chairman of the Authority, Vice Chairman of the Authority, the Executive Director of the Authority, the Treasurer of the Authority or such other officers or employees of the Authority authorized to perform specific acts or duties by the Authority's by-laws or by resolution who shall be designated to act on behalf of the Authority hereunder pursuant to a

certificate bearing such officers' or employees' signatures and signed by the Chairman of the Authority or the Executive Director of the Authority.

Bond Counsel shall mean any attorney or firm of attorneys nationally recognized in the field of municipal finance and designated to act as bond counsel to the Authority.

Default shall mean a Default specified in Section 701 hereof.

1975 General Bond Resolution shall mean the Authority's resolution entitled "Resolution Providing for the Issuance of Bonds of The Dover Sewerage Authority and for the Rights of The Holders Thereof, and Authorizing \$22,000,000 Principal Amount Thereof" adopted on November 19, 1975, as amended and supplemented.

General Fund shall mean such fund or account, however designated, as may be established under any Senior Lien Bond Resolution, providing generally (A) for the accumulation therein of moneys generated from Authority revenues after provision has been made for the current payment of operating expenses and debt service and the replenishment of any required reserves and (B) for the withdrawal therefrom, free and clear of any lien or pledge created by said Senior Lien Bond Resolution, upon the satisfaction of certain conditions as set forth in said Senior Lien Bond Resolution.

Government Obligations shall mean (i) any direct and general obligations of, or any obligations guaranteed by, the United States of America, including but not limited to interest obligations of the Resolution Funding Corporation or any successor thereto, (ii) certificates of ownership of the principal or interest of direct and general obligations of, or obligations guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System; and (iii) bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States to the extent such obligations are guaranteed by the United States or by another such agency the obligations (including guarantees) of which are guaranteed by the United States.

Holder or Holders shall mean the holder or holders, from time to time, of the Subordinated Bonds.

I-Bank shall mean the New Jersey Infrastructure Bank.

Note Resolution shall mean the "Resolution of the Toms River Municipal Utilities Authority Authorizing the Issuance and Sale of Not to Exceed \$10,000,000 Principal Amount of Project Notes Relating to the Water Bank Construction Financing Program of the New Jersey Infrastructure Bank and Determining Various Matters Relating Thereto", adopted (or expected to be adopted) in connection with the temporary financing of the Project.

Notes shall mean the "Notes Relating to the Water Bank Construction Financing Program of the New Jersey Infrastructure Bank" in an aggregate principal amount of up to \$10,000,000, to be issued by the Authority under the Note Resolution.

Outstanding shall mean, as of any date, Subordinated Bonds theretofore or thereupon being authenticated and delivered under this Resolution (such authentication being required only if there is a Trustee) except (i) Subordinated Bonds canceled by the Authority at or prior to such date; (ii) Subordinated Bonds for the payment of which moneys, equal to the principal amount thereof and interest thereon to the date of maturity or redemption, shall be held under the Resolution and set aside for such payment (whether at or prior to the maturity or redemption date); (iii) Subordinated Bonds in lieu of or in

substitution for which other notes shall have been authenticated and delivered pursuant to Article II of this Resolution (such authentication being required only if there is a Trustee); and (iv) Subordinated Bonds which have been defeased.

Payment Date shall mean the date on which the Subordinated Bonds become due and payable, whether at maturity or upon redemption prior to maturity.

Project shall mean, collectively, the capital project as described generally in Exhibit C-1 attached hereto and the acquisition of certain equipment as described generally in Exhibit C-2 attached hereto, together with payment of the costs related to the issuance of the Notes or the Subordinated Bonds (as the case may be).

Revenues shall mean all Annual Charges (i.e., the sums of money paid or becoming payable by the Township to the Authority pursuant to the Service Contract), all Service Charges (i.e., rents, rates, fees or other charges for direct or indirect connection with, or the use of services of, the System (as defined in the 1975 General Bond Resolution) which the Authority, under the provisions of Section 21 or 23 of the Act, is or may be authorized to charge and collect with regard to persons or real property), and all fees, rents and charges and other income as derived or to be derived in cash by or for the account of the Authority from or for the ownership, operation, use or services of the System, excepting, however, and excluding any Governmental Grant (as defined in the 1975 General Bond Resolution) and any industrial cost recovery surcharges which may be imposed by any schedule of rates adopted by the Authority.

Senior Lien Bond Resolution shall mean any bond resolution or general bond resolution, other than the 1975 General Bond Resolution, that may be adopted by the Authority which (A) establishes a senior lien on all or substantially all of the revenues of the Authority for the security of any bonds or notes that may be issued from time to time thereunder and (B) establishes a General Fund and sets forth the conditions for withdrawal from time to time of moneys accumulating therein.

Senior Lien Bonds shall mean any bonds, notes or other obligations that may be issued from time to time under the Senior Lien Bond Resolution.

Series Certificate shall mean a certificate executed by an Authorized Officer of the Authority making certain determinations in connection with the issuance of the Subordinated Bonds pursuant to this Resolution. Such Series Certificate, upon execution and delivery, shall be deemed to be a part of this Resolution.

Service Contract shall mean the Service Contract dated June 1, 1975 between the Authority and the Township.

State shall mean the State of New Jersey.

Subordinated Bonds shall mean the Subordinated Sewer Revenue Bonds, designated as provided in Section 204(a) hereof, to be issued by the Authority pursuant to this Resolution.

2009 Subordinated Bonds shall mean the Authority's Subordinated Sewer Revenue Bonds, 2009 Series A and Subordinated Sewer Revenue Bonds, 2009 Series B previously issued under a Subordinated Bond Resolution adopted on September 22, 2009.

2014 Subordinated Bonds shall mean the Authority's Subordinated Sewer Revenue Bonds, 2014 Series A and Subordinated Sewer Revenue Bonds, 2014 Series B previously issued under a Subordinated Bond Resolution adopted on October 23, 2013.

2020 Subordinated Bonds shall mean the Authority's Subordinated Sewer Revenue Bonds, 2020 Series A and Subordinated Sewer Revenue Bonds, 2020 Series B previously issued under a Subordinated Bond Resolution adopted on February 26, 2019, as amended.

Township shall mean the Township of Toms River, in the County of Ocean, New Jersey

Trustee shall mean the trustee appointed by the Authority in the Series Certificate, and if no trustee is appointed thereunder, then the Authority, in its capacity as Paying Agent, shall perform the services of the Trustee under the Resolution.

(b) Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include individuals, firms, associations, corporations, governmental bodies and all other entities.

ARTICLE II

AUTHORIZATION OF SUBORDINATED BONDS

Section 201. Authorization of Subordinated Bonds.

Pursuant to the provisions of the Act, the Authority hereby authorizes, approves and directs the issuance, from time to time, of the Subordinated Bonds in the maximum aggregate initial issuance amount not exceeding \$10,000,000, of which up to \$8,700,000 shall be allocable to the portion of the Project described generally in Exhibit C-1 hereto and up to \$1,300,000 shall be allocable to the portion of the Project described generally in Exhibit C-2 hereto. The Subordinated Bonds shall bear interest at a fixed rate per annum to be determined as provided in Section 502 hereof. The maturity date, aggregate principal amount, interest rate, purchase price and redemption provisions of the Subordinated Bonds shall be as determined pursuant to Section 502.

Section 202. Purpose. The Authority has determined to undertake the Project, having an estimated cost of \$10,000,000. Pursuant to the I-Bank's Construction Financing Program, the Authority has adopted (or expects to adopt) the Note Resolution, under which it expects to issue the Notes for the purpose of temporarily financing all or a portion of the costs of the Project. The Subordinated Bonds are to be issued for the purpose of permanently financing the costs of the Project. Accordingly, the proceeds of the Subordinated Bonds are expected to be used (i) to refund the outstanding balance of the Notes and (ii) to pay any remaining costs of the Project, including costs related to the issuance of the Subordinated Bonds.

Section 203. Provisions for Issuance of the Subordinated Bonds. All (but not less than all) of the Subordinated Bonds shall be executed by the Authority for issuance under this Resolution and delivered to the purchasers thereof in accordance with the requirements of the Program.

Section 204. Medium of Payment; Form and Date; Denominations; Letters and Numbers; Interest.

(a) The Subordinated Bonds shall be designated as, and shall be distinguished from other notes and bonds issued by the Authority by the title, "Subordinated Sewer Revenue Bonds, 20__ Series

A” and “Subordinated Sewer Revenue Bonds, 20__ Series B,” as applicable (with the applicable year of issuance and a series designation to be inserted). The Subordinated Bonds shall be issued in fully registered form in authorized denominations of \$5,000 or any amount in excess thereof. Unless the Authority shall otherwise direct, the Subordinated Bonds shall be lettered and numbered from one upward preceded by the letter “R” prefixed to the number. Subject to the provisions of this Resolution, the form of the Subordinated Bonds shall be substantially in the form set forth in Exhibit A hereto, together with any additions or deletions required to comply with the provisions of the Program and approved by the Chairman, Vice Chairman or Executive Director of the Authority, such approval to be evidence by the execution of the Subordinated Bonds pursuant to Section 205 hereof.

(b) The Subordinated Bonds shall be payable as to principal and interest in any coin or currency which at the time of payment is legal tender for the payment of public and private debts upon presentation and surrender of the Subordinated Bonds at the office of Authority.

(c) The Subordinated Bonds shall be dated the date of initial issuance and delivery thereof and shall bear interest from such date.

Section 205. Execution. The Subordinated Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the Chairman, Vice Chairman or Executive Director of the Authority and its official seal shall be impressed or reproduced thereon and attested by the manual or facsimile signature of its Secretary or Treasurer. In case the person serving in any such capacity ceases to hold such office before any Subordinated Bonds signed by such person shall have been delivered, such Subordinated Bonds may nevertheless be delivered as provided in this Resolution and may be issued as if the person who signed such Subordinated Bonds had not ceased to hold such office.

Section 206. Negotiability, Exchange, Transfer and Registry.

(a) The Subordinated Bonds shall be transferable only upon the books of the Authority, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Authority duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Subordinated Bond, the Authority shall issue in the name of the transferee a new Subordinated Bond or Subordinated Bonds of the same aggregate principal amount as the surrendered Subordinated Bond or Subordinated Bonds.

(b) The registered Owner of any Subordinated Bond or Subordinated Bonds shall have the right to exchange such Subordinated Bond or Subordinated Bonds for a new Subordinated Bond or Subordinated Bonds of any authorized denomination of the same aggregate principal amount as the surrendered Subordinated Bond or Subordinated Bonds. Such Subordinated Bond or Subordinated Bonds shall be exchanged by the Authority for a new Subordinated Bond or Subordinated Bonds upon the request of the registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender of such Subordinated Bond or Subordinated Bonds together with a written instrument requesting such exchange satisfactory to the Authority duly executed by the registered owner or his duly authorized attorney.

(c) The Authority may deem and treat the person in whose name any Subordinated Bond shall be registered upon the books of the Authority as the absolute owner of such Subordinated Bond, whether such Subordinated Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or redemption price of and interest on such Subordinated Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid

and effectual to satisfy and discharge the liability upon such Subordinated Bond to the extent of the sum or sums so paid, and the Authority shall not be affected by any notice to the contrary.

Section 207. Subordinated Bonds Mutilated, Destroyed, Stolen or Lost. If any Subordinated Bond becomes mutilated or is lost, stolen or destroyed, the Authority may execute and deliver a new Subordinated Bond of like principal amount, as the Subordinated Bond so mutilated, lost, stolen or destroyed, provided that (i) in the case of any such mutilated Subordinated Bond, such Subordinated Bond is first surrendered to the Authority, (ii) in the case of any such lost, stolen or destroyed Subordinated Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the Authority, together with indemnity satisfactory to the Authority, and (iii) all expenses in connection with such transaction are paid by the Holder of any such Subordinated Bonds.

Section 208. Optional Redemption of Subordinated Bonds.

1. The Subordinated Bonds are subject to redemption at the option of the Authority, at such time or times and redemption prices, and upon such terms and conditions, as shall be determined as provided in Section 502.

2. Notice of the call for redemption, identifying the Subordinated Bonds to be redeemed, shall be given by the Authority by mailing a copy of the redemption notice by registered or certified mail at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption to the Holder of each Subordinated Bond to be redeemed at the address shown on the registration books. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice. If at the time of mailing of any notice of redemption the Authority shall not have available for such payment moneys sufficient to redeem all the Subordinated Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys therein not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited.

3. Notice having been given in the manner provided in this Section, the Subordinated Bonds shall become due and payable on the redemption date so designated at a redemption price equal to the principal amount thereof, without premium, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Subordinated Bonds shall be paid at the redemption price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Subordinated Bonds, together with interest to the redemption date, shall be held by the Authority so as to be available therefor on said date and, if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Subordinated Bonds shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Subordinated Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE III

**PLEDGE EFFECTED BY THE RESOLUTION;
FUNDS AND ACCOUNTS**

Section 301. Pledge Effected by the Resolution.

1. The Subordinated Bonds are special, limited obligations of the Authority. Until such time, if any, as the Authority shall adopt a Senior Lien Bond Resolution, the Subordinated Bonds are payable from all legally available funds of the Authority, to the extent derived from Revenues of the

Authority, and such amounts are hereby pledged and assigned as security for the payment of the Subordinated Bonds, in accordance with the terms and provisions of the Subordinated Bonds and this Resolution. From and after such time as the Authority shall adopt a Senior Lien Bond Resolution, the Subordinated Bonds shall be payable solely from the moneys and securities from time to time on deposit in the General Fund (subject to fulfillment of the conditions set forth in the Senior Lien Bond Resolution), as permitted under the Senior Lien Bond Resolution, and such moneys are hereby pledged and assigned as security for the payment of the Subordinated Bonds, in accordance with the terms and provisions of the Subordinated Bonds and this Resolution, in which event the pledge in this sentence to the holders of the Subordinated Bonds is in all respects subordinate to the provisions of the Senior Lien Bond Resolution and the lien and pledge created by the Senior Lien Bond Resolution. In addition, the pledge in the preceding two sentences is subordinate and subject to any agreements the Authority has with holders of any particular notes, bonds or obligations heretofore issued and pledging specific revenues for the payment thereof, including particularly the 2009 Subordinated Bonds, the 2014 Subordinated Bonds and the 2020 Subordinated Bonds. The Subordinated Bonds shall also be entitled to the benefits of the Service Contract.

THE SUBORDINATED BONDS ARE PAYABLE SOLELY FROM THE PROPERTY PLEDGED TO THE PAYMENT OF THE SUBORDINATED BONDS AS CONTAINED IN THIS RESOLUTION, AND NEITHER THE STATE OF NEW JERSEY NOR ANY INSTRUMENTALITY THEREOF, OTHER THAN THE AUTHORITY (TO THE LIMITED EXTENT SET FORTH HEREIN), IS OBLIGATED TO PAY THE SUBORDINATED BONDS AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SUBORDINATED BONDS.

2. All moneys and securities from time to time on deposit in the funds described in paragraph 1 of this Section 301 shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of the pledge created hereby shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise, against the Authority, irrespective of whether such persons have notice thereof.

3. The Authority shall have no obligation to make any payments from the General Fund except upon fulfillment of the conditions set forth in Senior Lien Bond Resolution for payments to the Authority from the General Fund free and clear of the lien of the Senior Lien Bond Resolution.

4. All principal and interest on the Senior Lien Bonds must be paid before any further payment of principal or interest on the Subordinated Bonds, if any of the following events occur: (a) an Event of Default under the Senior Lien Bond Resolution resulting from the non-payment of principal or redemption price of or interest on the Senior Lien Bonds (until cured); (b) an Event of Default under the Senior Lien Bond Resolution with respect to any one or more series of Senior Lien Bonds resulting in an acceleration of principal of and interest on such Senior Lien Bonds; or (c) the Authority becomes insolvent.

Any Default under this Resolution or the Subordinated Bonds shall not in itself create the right to declare an Event of Default under the Senior Lien Bond Resolution.

Section 302. Rates and Charges.

1. With respect to all direct and indirect connection with, and all use and services of, the System (as such term is defined in the 1975 General Bond Resolution), the Authority shall make, impose, charge and collect Annual Charges (as such term is defined in the 1975 General Bond Resolution) in accordance with the Service Contract and shall charges and collect Service Charges (as such term is

defined in the 1975 General Bond Resolution) in accordance with the Act to the extent permitted by the Service Contract and any industrial cost recovery surcharges the Authority may be required to levy.

2. Such Annual Charges shall be so estimated, computed, made, charged, imposed and collected pursuant to the Service Contract, and such Service Charges shall be so fixed, charged and collected under the Act, that the Revenues collected (including any proceeds to the Authority of use and occupancy insurance) will be at least sufficient:

(a) at all times to pay all Operating Expenses (as such term is defined in the 1975 General Bond Resolution) and maintain, preserve and keep the System in good repair, working order and condition, and

(b) to provide in each Fiscal Year (as such term is defined in the 1975 General Bond Resolution) a sum equal to the Bond Service (as such term is defined in the 1975 General Bond Resolution) for such Fiscal Year on the 2009 Subordinated Bonds, the 2014 Subordinated Bonds, the 2020 Subordinated Bonds, the Subordinated Bonds, the Senior Lien Bonds (if any) and any other subordinated bonds of the Authority (collectively, the "Authority Bonds") (except any part thereof for the payment of which the Authority shall provide by the deposit of proceeds in an appropriate fund or account) calculated as of the beginning of such Fiscal Year, and

(c) at all times, by deposit and application in accordance with the bond resolution(s) applicable to the Authority Bonds (the "Applicable Bond Resolution(s)") of said Revenues, to pay all interest, principal and sinking fund installments becoming due with respect to Authority Bonds, and

(d) at all times to provide for any deficits of the Authority resulting from failure to receive any Annual Charges or Service Charges or from any other cause and comply in all respects with the terms and provisions of the Applicable Bond Resolution(s) and of the Act and pay and discharge all charges or liens payable out of the Revenues when due and enforceable.

Section 303. Compliance with Service Contract and Enforcement of Service Charges.

The Authority shall so plan, schedule and prosecute all construction on or about the System and shall so operate and maintain the System as to entitle it at all times to make, impose and collect Annual Charges pursuant to the Service Contract, and to fix, charges and collect Service Charges in accordance with the Act to the extent permitted by the Service Contract, and to charge and collect Revenues with respect to the System. The Authority shall not release or modify the obligations of the Township under the Service Contract. The Authority shall take all reasonable measures permitted by the Act, the Service Contract or otherwise by law, to enforce prompt payment to it of all Annual Charges, Service Charges and Revenues, and shall at all times, to the extent permitted by the Act or otherwise by law, defend, enforce, preserve and protect the rights, benefits and privileges of the Authority and of the holders of Authority Bonds under or with respect to the Service Contract.

ARTICLE IV

DEFEASANCE

Section 401. Defeasance of Subordinated Bonds.

(a) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Subordinated Bonds the principal or redemption price and interest due or to become due thereon, at the times and in the manner stipulated in the Subordinated Bonds and in this Resolution, then the pledge

of the amounts provided herein and all covenants, agreements and other obligations of the Authority to the Holders shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) Subordinated Bonds for the payment of which moneys shall have been set aside and shall be held in trust by an escrow agent appointed by the Authority for such purpose (the "Escrow Agent") (through deposit by the Authority of funds for such payment 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 (a) of this Section. Any outstanding Subordinated Bonds 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 (a) of this Section if there shall have been deposited with the Escrow Agent therefor either moneys in an amount which shall be sufficient or Government Obligations (including any Government Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal or redemption price of and the interest on which when due and without reinvestment thereof will provide moneys which, together with the moneys, if any, deposited with the Escrow Agent at the same time, shall be sufficient to pay when due the principal or redemption price and interest due on said Subordinated Bonds on or prior to the maturity or redemption date thereof. Neither Government Obligations nor moneys deposited with the Escrow Agent pursuant to this Section nor principal or interest payments on any such Government Obligations 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 of and interest on said Subordinated Bonds, provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Escrow Agent which will not be required at any time for such purpose, as evidenced by a verification report issued by a firm of certified public accountants or financial advisors shall first be paid to the Authority, free and clear of any trust, lien or pledge securing said Subordinated Bonds or otherwise existing under this Resolution. To the extent such cash will be required for such purpose at a later date, such cash shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or redemption price of and interest to become due on said Subordinated Bonds on the maturity or redemption date thereof, and interest earned from such reinvestment shall be paid over to the Authority, as received by the Escrow Agent, free and clear of any trust, lien, pledge or assignment securing said Subordinated Bonds or otherwise existing under this Resolution.

ARTICLE V

ADDITIONAL DETERMINATIONS AND PROCEEDINGS

Section 501. Authorization of Sale of Subordinated Bonds.

The purchase and sale of the Subordinated Bonds pursuant to the provisions of the Program are hereby authorized.

Section 502. Additional Proceedings. As additional proceedings of the Authority in connection with the execution and delivery of the Subordinated Bonds, there is hereby delegated to any Authorized Officer of the Authority the power to take the following actions and make the following determinations by Series Certificate signed by such Authorized Officer of the Authority:

1. To execute and deliver the Subordinated Bonds.
2. To determine, subject to the provisions of this Resolution, the maturity date, aggregate principal amount, interest rate, purchase price, and redemption provisions of the Subordinated Bonds and any other provisions deemed advisable by such Authorized Officer not in conflict with or in substitution for the provisions of this Resolution, provided that (a) the Subordinated Bonds shall mature not later than

thirty years after the date of issuance of the Subordinated Bonds (b) the aggregate principal amount of the Subordinated Bonds shall not exceed \$10,000,000 and (c) the interest rate on any Bond shall be as shall be established by the I-Bank.

All matters determined by an Authorized Officer of the Authority under the authority of this Resolution shall constitute and be deemed matters incorporated into this Resolution and approved by the Authority, and whenever an Authorized Officer of the Authority is authorized or directed to take any action pursuant to this Resolution with or upon the advice, consent or consultation with or by any other person, agency, office or official, a certificate of such Authorized Officer of the Authority may be conclusively relied upon as being determinative that such advice, consultation or consent has in fact occurred and that such actions of the Authorized Officer of the Authority are valid and binding.

The Authority may also make any of the determinations set forth above by further resolution in lieu of a Series Certificate, which further resolution, upon adoption, shall be deemed to be part of the Resolution.

ARTICLE VI

COVENANTS OF THE AUTHORITY

Section 601. Payment of Subordinated Bonds. The Authority shall, out of the amounts pledged under Section 301(1) hereof (subject, in the case of amounts payable from the General Fund, to fulfillment of the conditions set forth in Senior Lien Bond Resolution for payments to the Authority free and clear of the lien of the Senior Lien Bond Resolution), duly and punctually pay or cause to be paid all the principal of and interest on the Subordinated Bonds in full, at the dates and place and in the manner set forth herein and in the Subordinated Bonds and shall duly and punctually perform all of its other obligations hereunder and thereunder.

Section 602. Protection and Preservation of Pledge of Revenues; Further Assurances.

(a) The Authority shall at all times, to the fullest extent permitted by law, defend, preserve and protect the pledge set forth in Section 301(1) hereof and all other rights of the Holders under this Resolution against all claims, demands or challenges of any kind and nature whatsoever.

(b) Without in any way limiting the generality of the foregoing, at any and all times the Authority shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying granting, pledging, assigning and confirming all and singular the rights, and moneys, securities and funds hereby pledged or assigned. The Authority shall not enter into any contract or take any action by which the rights of the Holders may be impaired. The Authority will do and continue to do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further acts, assignments, transfers, financing statements, and assurances as the Holders shall require, for the better assuring, pledging, confirming and continuing unto the Holders, solely for the period the Subordinated Bonds are Outstanding, the pledge hereof or which the Authority may be or may hereafter become bound to pledge or assign to the Holders for carrying out the intention or facilitating the performance of the terms of this Resolution.

Section 603. Indebtedness and Liens. The Authority shall not issue any future obligations (bonds or notes) to a bondholder or noteholder other than the I-Bank or the State of New Jersey that are

payable from the sources pledged under Section 301(1) hereof, unless it establishes an intercreditor relationship that is acceptable to the I-Bank.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 701. Defaults. Each of the following shall be a Default hereunder: (a) failure to pay any principal or interest under the Subordinated Bonds when due; or (b) the default by the Authority in the performance of any of its obligations under this Resolution (except as set forth in (a) above) and the failure to cure same within sixty (60) days after any Authorized Officer of the Authority shall have received notice thereof as provided in the Bond Resolution or by the Holders of not less than twenty-five (25%) per cent in aggregate principal amount of the Subordinated Bonds.

Section 702. Remedies. Upon the occurrence of a Default, the Holders of not less than twenty-five (25%) per cent in aggregate principal amount of the Subordinated Bonds shall have the right to specifically enforce the obligations of the Authority hereunder by any appropriate action or proceeding. No remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 703. Limitations on Remedies. Notwithstanding any other provisions contained in this Resolution, the Subordinated Bonds may not be accelerated unless the Bonds are accelerated.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 901. Supplemental Resolutions Effective Without Consent of Subordinated Bondholders. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted by the Authority without the consent of the Holders which shall be fully effective in accordance with its terms:

(a) To add to the covenants and agreements of the Authority in this Resolution, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with this Resolution as theretofore in effect;

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

(c) To confirm, as further assurance, any pledge or lien created or to be created by this Resolution and to pledge any additional revenues, moneys or securities as security for the payment of the principal or redemption price of and interest on the Subordinated Bonds, when due;

(d) To comply with the requirements of the Program; and

(e) To cure any ambiguity or defect or inconsistent provision in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable if any such modifications are not contrary to or inconsistent with this Resolution as theretofore in effect.

Section 902. Supplemental Resolutions Effective with Consent of Subordinated Bondholders. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by the Holders of all Subordinated Bonds.

Section 903. General Provisions. This Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article. Every Supplemental Resolution shall be accompanied by an Opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and is valid and binding upon the Authority and is enforceable in accordance with its terms.

ARTICLE X

AMENDMENTS

Section 1001. Mailing. Any provision in this Article for the mailing of a notice to Holders shall be fully complied with if it is mailed postage prepaid to each registered owner of Subordinated Bonds then outstanding at his address, if any, appearing upon the registration books of the Authority.

Section 1002. Power of Amendment. Except as otherwise provided by Section 901, any modification or amendment of this Resolution and of the rights and obligations of the Authority and of the Holders of the Subordinated Bonds hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 1003 of this Resolution of the Holders of at least a majority in principal amount of the Subordinated Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon without the consent of the Holder of such Subordinated Bond, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment other than in accordance with the provisions of this Resolution.

Section 1003. Consent of Subordinated Bondholders. The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1002 to take effect when and as provided in this Section 1003. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto), together with a request to Holders for their consent thereto, shall be mailed by the Authority to Holders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section 1003 provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been received by the Authority (a) the written consents of Holders of the percentages of Outstanding Subordinated Bonds specified in Section 1002 and (b) an Opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and is valid and binding upon the Authority and is enforceable in accordance with its terms, and (ii) a notice shall have been given, as hereinafter in this Section 1003 provided. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Subordinated Bonds with respect to which such consent is given. Any such consent shall be binding upon the Owner of the Subordinated Bonds giving such consent and upon any subsequent Holder of such Subordinated Bonds and of any Subordinated Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Subordinated Bonds giving such consent or a subsequent Holder thereof by filing with the Authority, prior to the time when the notice of the Authority hereinafter in this Section 1003 provided for is mailed, such revocation. At any time after the Holders of the required

percentages of Subordinated Bonds shall have filed their consents to the Supplemental Resolution, 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 Authority) has been consented to by the Holders of the required percentages of Subordinated Bonds and will be effective as provided in this Section 1003, may be given to Holders by the Authority by mailing such notice to Holders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1003 provided). Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority and the Holders of all Subordinated Bonds at the expiration of seven days after the mailing 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 seven-day period; provided, however, that the Authority during such seven-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 Supplemental Resolution as it may deem expedient.

Section 1004. Modifications by Unanimous Consent. Except as otherwise provided by Section 901, the terms and provisions of this Resolution and the rights and obligations of the Authority and the Holders of the Subordinated Bonds hereunder may be modified or amended in any respect upon the adoption by the Authority of a Supplemental Resolution and the consent of the Holders of all of the Subordinated Bonds, such consent to be given as provided in Section 1003 except that no notice to Holders shall be required.

Section 1005. Exclusion of Subordinated Bonds. Subordinated 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 any calculation of Outstanding Subordinated Bonds provided for in this Article X, and the Authority shall not be entitled with respect to such Subordinated Bonds to give any consent or take any other action provided for in this Article, unless, in either case, the Authority holds all Outstanding Subordinate Bonds.

ARTICLE XI

MISCELLANEOUS

Section 1101. Parties Interested. Nothing contained in this Resolution, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation, other than the Authority and the Holders from time to time of the Subordinated Bonds any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof; and the covenants, stipulations and agreements in this Resolution contained are and shall be for the sole and exclusive benefit of the Authority and the Holders from time to time of the Subordinated Bonds and their respective successors and assigns.

Section 1102. No Personal Recourse. No covenant or agreement contained in this Resolution or in the Subordinated Bonds shall be deemed to be the covenant or agreement of any member, officer, agent or employee of the Authority in his or her individual capacity. No recourse shall be had for the payment of the principal of or interest on the Obligation of the Authority under the Subordinated Bonds or for any claim based thereon or on this Resolution against the Authority or any member, officer, agent or employee, past, present or future of the Authority, or of any successor corporation, as such, either directly or through the Authority or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability of such members, officers, agents or employees being released as a condition

of and as material consideration for the adoption by the Authority of this Resolution and the issuance of the Subordinated Bonds.

Section 1103. Successors and Assigns. All the covenants, promises and agreements in this Resolution contained by or on behalf of the Authority shall bind and inure to the benefit of their respective successors and assigns, whether or not so expressed.

Section 1104. Effect of Invalid Provisions. If any one or more of the provisions of this Resolution shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution, but this Resolution shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 1105. Notices. Any notice to, or other instrument to be filed with, or demand upon the Authority shall be deemed to have been sufficiently given or served, presented or made by being hand-delivered or sent by confirmed fax, registered or certified United States mail or overnight courier service addressed to the Authority as follows: Toms River Municipal Utilities Authority, 340 West Water Street, Toms River, New Jersey 08753; or to such other address as the Authority as to which shall notify the Holders in writing.

Section 1106. Descriptive Headings. The descriptive headings of the Articles and Sections of this Resolution are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 1107. Governing Law. This Resolution and the Subordinated Bonds shall be governed by the laws of the State.

Section 1108. Payment of Fees and Costs. The Authority, through its Authorized Officers, is authorized and directed to pay any or all of the costs and expenses incurred by the Authority in connection with the transactions authorized by this Resolution, including, without limitation, any and all legal fees and costs, and Bond Counsel, from any proceeds of any of the transactions authorized by this Resolution which are available to be used for such payment, or from any other source of funds of the Authority and available to be used for such payment.

Section 1109. Filing of Resolution; Publication of Notice. The Secretary of the Authority is hereby authorized and directed to cause copies of this Resolution to be filed for public inspection in the office of the Township Clerk of the Township of Toms River, in the County of Ocean, New Jersey, at the Municipal Building in said Township and in the office of the Authority, 340 West Water Street, Toms River, New Jersey 08753. The Secretary of the Authority is further authorized and directed to file a copy of this Third Supplemental Resolution with the Trustee. The Secretary is hereby authorized and directed to cause to be published after adoption hereof, in a legally qualified public newspaper circulating in the district of said Authority, a notice in substantially the form attached hereto as Exhibit B.

Section 1110. Effective Date. This Resolution shall take effect upon its adoption in accordance with the Act.

EXHIBIT A

FORM OF SUBORDINATED BONDS

From and after such time as the Authority shall adopt a Senior Lien Bond Resolution, this Subordinated Bond shall be subordinate in all respects to the provisions of the Senior Lien Bond Resolution and the lien and pledge created by the Senior Lien Bond Resolution in favor of the bonds issued from time to time thereunder. The Authority shall have no obligation to make any payments from the General Fund except upon fulfillment of the conditions set forth in the Senior Lien Bond Resolution for payments to the Authority from the General Fund free and clear of the lien of the Senior Lien Bond Resolution.

UNITED STATES OF AMERICA
STATE OF NEW JERSEY

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
SUBORDINATED SEWER REVENUE BONDS, 20__ SERIES __

No. R-

Interest Rate %	Dated Date	Maturity Date
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Principal Amount: \$ _____

Registered Owner:

The TOMS RIVER MUNICIPAL UTILITIES AUTHORITY (the "Authority"), a public body politic and corporate and an instrumentality of the State of New Jersey organized under the Municipal and County Utilities Authorities Law Ch. 183, L. 1957 ("Act"), for value received, hereby promises to pay to the Registered Owner of this bond ("Subordinated Bond"), on the maturity date hereof in accordance with the terms hereof and of the within mentioned Resolution, but only from the revenues, moneys and funds pledged under the Resolution, upon surrender hereof, the Principal Amount set forth above, and interest on said Principal Amount hereinafter provided. Interest shall accrue on the Principal Amount from the Dated Date set forth above until and including the Maturity Date set forth above. The Principal Amount hereof, together with all interest accrued thereon, is payable on the Maturity Date, but only to the extent that moneys are available therefor under the Resolution on the Maturity Date.

The Principal Amount and interest so payable and punctually paid or provided for on the Maturity Date will be paid, upon surrender hereof, to the Authority hereinafter mentioned to the person in whose name this Subordinated Bond is registered ("Registered Owner") on the bond register maintained by the Authority ("Subordinated Bond Register"). Principal of and interest on this Subordinated Bond shall be payable in any coin or currency of the United States of America which at the time of payment thereof is legal tender for the payment of public and private debts therein.

THIS SUBORDINATED BOND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY OR BE OR CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION

THEREOF. NEITHER THE STATE OF NEW JERSEY NOR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THIS SUBORDINATED BOND AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THIS SUBORDINATED BOND. THIS SUBORDINATED BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE RESOLUTION AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE RESOLUTION FOR THE PAYMENT OF THE SUBORDINATED BONDS. THE AUTHORITY HAS NO TAXING POWER.

This Subordinated Bond is one of a duly authorized issue of Subordinated Bonds of the Authority, known as "Subordinated Sewer Revenue Bonds, 20__ Series __", in the aggregate initial issuance amount of \$_____, all of like tenor, and all issued under and equally and ratably secured by a resolution of the Authority titled "Resolution of the Toms River Municipal Utilities Authority Authorizing the Issuance and Sale of Not to Exceed \$10,000,000 Principal Amount of Subordinated Revenue Bonds, and Determining Various Matters Relating Thereto," adopted October 27, 2020 (as amended and supplemented, the "Resolution").

Reference is hereby made to the Resolution for descriptions of the sources of payment for the Subordinated Bonds, the nature, extent and manner of enforcement of remedies, the terms and conditions under which the Resolution may be amended or modified, the rights and limitations thereon of the Registered Owners of the Subordinated Bonds, and the terms and conditions under which the Subordinated Bonds are issued and to all of the terms of the other financing documents in respect of the Subordinated Bonds as listed in the Closing Agenda in respect of the Subordinated Bonds, and of the Act, reference to each of which is hereby made. True copies of the Act and executed counterparts of the Resolution and the other such financing documents are on file and available for inspection at the principal corporate trust office of the Authority. All capitalized terms used but not defined in this Subordinated Bond shall have the meanings given to them in the Resolution. The Act and the Resolution are incorporated herein by reference as if set forth in full. By acceptance of this Subordinated Bond (including receipt of a book-entry credit evidencing an interest herein), each registered and beneficial owner hereof shall be deemed to assent to all of the provisions thereof as an explicit and material portion of the consideration running to the Authority to induce it to adopt the Resolution and issue this Subordinated Bond.

The Subordinated Bonds are subject to redemption at the option of the Authority, in whole but not in part, at any time on or after _____, at a redemption price equal to the Principal Amount thereof, without premium, plus accrued interest to the redemption date.

Until such time, if any, as the Authority shall adopt a Senior Lien Bond Resolution (as defined below), the Subordinated Bonds are payable from all legally available funds of the Authority, to the extent derived from "Revenues" (as such term is defined in the Resolution) of the Authority, and such amounts are pledged and assigned by the Resolution as security for the payment of the Subordinated Bonds, in accordance with the terms and provisions hereof and of the Resolution. From and after such time as the Authority shall adopt a Senior Lien Bond Resolution, the Subordinated Bonds shall be payable solely from the moneys and securities from time to time on deposit in the General Fund (as defined below) (subject to fulfillment of the conditions set forth in the Senior Lien Bond Resolution), as permitted under the Senior Lien Bond Resolution, and such moneys are pledged and assigned by the Resolution as security for the Subordinated Bonds, in accordance with the terms and provisions hereof and of the Resolution, in which event the pledge of such amounts to the holders of the Subordinate Bonds is in all respects subordinate to the provisions of the

Senior Lien Bond Resolution and the lien and pledge created by the Senior Lien Bond Resolution. In addition, the pledge referenced in the preceding two sentences is subordinate and subject to any agreements the Authority has with holders of any particular notes, bonds or other obligations heretofore issued and pledging specific revenues for the payment thereof, including particularly the 2009 Subordinated Bonds, the 2014 Subordinated Bonds and the 2020 Subordinated Bonds (as such terms are defined in the Resolution). The Subordinated Bonds shall also be entitled to the benefits of the Service Contract dated June 1, 1975 between the Authority and the Township of Toms River, in the County of Ocean, New Jersey.

As used in the preceding paragraph, (i) the term "Senior Lien Bond Resolution" means any bond resolution or general bond resolution, other than the 1975 General Bond Resolution (as such term is defined in the Resolution), that may be adopted by the Authority which (A) establishes a senior lien on all or substantially all of the revenues of the Authority for the security of any bonds or notes that may be issued from time to time thereunder and (B) establishes a General Fund and sets forth the conditions for withdrawal from time to time of moneys accumulating therein, and (ii) the term "General Fund" means such fund or account, however designated, as may be established under any Senior Lien Bond Resolution, providing generally (A) for the accumulation therein of moneys generated from Authority revenues after provision has been made for the current payment of operating expenses and debt service and the replenishment of any required reserves and (B) for the withdrawal therefrom, free and clear of any lien or pledge created by said Senior Lien Bond Resolution, upon the satisfaction of certain conditions as set forth in said Senior Lien Bond Resolution.

All Principal Installments and interest on the Bonds and all Qualified Swap Obligations must be paid before any further payment of principal or interest on the Subordinated Bonds, if any of the following events occur: (a) an Event of Default under the Bond Resolution resulting from the non-payment of principal or redemption price of or interest on the Bonds (until cured); (b) an Event of Default under the Bond Resolution with respect to any one or more series of Bonds resulting in an acceleration of principal of and interest on such Bonds; or (c) the Authority becomes insolvent.

Any Default under the Resolution or the Subordinated Bonds shall not in itself create the right to declare an Event of Default under the Bond Resolution.

This Subordinated Bond is fully registered in the name of the Registered Owner on the Subordinated Bond Register kept at the offices of the Authority, such registration to be noted hereon by the Authority. No transfer shall be valid as against the Authority unless made by the Registered Owner in person or by his duly authorized attorney or legal representative and similarly noted upon the Subordinated Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue to or upon the order of the Registered Owner, a new registered Subordinated Bond or Subordinated Bonds, in authorized denominations aggregating the Principal Amount hereof, maturing on the same date, bearing interest at the same rate, bearing the same series designation as the Subordinated Bond and registered in such names as shall be requested. Such transfers and exchanges shall be without cost to the Registered Owners of the Subordinated Bonds, but such Registered Owners shall be required to pay any taxes or assessments levied or imposed thereon.

The Authority may treat the person in whose name this Subordinated Bond is registered as the absolute owner of this Subordinated Bond for all purposes whether or not this Subordinated Bond shall be overdue, and the Authority shall not be affected by any notice to the contrary. All payments of the principal and interest made to the Registered Owner hereof in the manner set forth herein and in the Resolution shall be valid and effectual to satisfy and discharge the liability upon this Subordinated Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent, waiver or action taken by such Registered Owner pursuant to the provisions of the Resolution shall be conclusive and binding upon such Registered Owner, his heirs, successors and assigns, and upon

all transferees hereof, whether or not notation thereof be made hereon or on any Subordinated Bond issued in exchange herefor.

No recourse shall be had for the payment of the principal of or interest on this Subordinated Bond, or for any claim based hereon or on the Resolution or any resolution supplemental thereto, against any member, officer or employee, past, present or future, of the Authority, or of any successor corporation, as such, either directly or through the Authority or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of such members, officers or employees being released as a specific condition of and as material consideration for the adoption of the Resolution and the issuance of the Subordinated Bonds.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Subordinated Bond, exist, have happened and have been performed, and that the issuance of this Subordinated Bond is within every debt and other limit prescribed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, the TOMS RIVER MUNICIPAL UTILITIES AUTHORITY has caused this Subordinated Bond to be executed in its name and on its behalf by the signature of its Chairman, Vice Chairman or Executive Director and its official seal to be impressed or reproduced hereon and attested by the signature of its Secretary, all as of the Dated Date set forth above.

TOMS RIVER MUNICIPAL UTILITIES
AUTHORITY

(SEAL)

By: 
Title: Robert J. DiBiase, Ex. Director

ATTEST:

By: 
Title: George Benyola, Asst. Secretary.

EXHIBIT B

FORM OF NOTICE

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY
NOTICE AS TO BOND RESOLUTION

PUBLIC NOTICE is hereby given that the resolution entitled: "Resolution of the Toms River Municipal Utilities Authority Authorizing the Issuance of Not to Exceed \$10,000,000 Principal Amount of Subordinated Revenue Bonds, and Determining Various Matters Relating Thereto" was adopted by the Toms River Municipal Utilities Authority (the "Authority") on October 27, 2020; that a copy of this resolution has been filed with and is available for public inspection in the office of the Authority, 340 West Water Street, Toms River, New Jersey 08753 and in the office of the Township Clerk of the Township of Toms River in the County of Ocean, New Jersey, in the Municipal Building in said Township located at 33 Washington Street, Toms River, New Jersey 08753; and that any action or proceeding of any kind or nature in any court questioning the validity or the proper authorization of the Bonds authorized by this resolution or the validity of any covenants, agreements or contracts provided for by this resolution must be commenced within twenty (20) days after the first publication of this Notice.

THIS NOTICE is published pursuant to N.J.S.A. 40:14B-28.

The date of first publication of this Notice is _____, 2020.

TOMS RIVER MUNICIPAL UTILITIES AUTHORITY

By: Robert J. DiBiase
Title: Executive Director

EXHIBIT C-1

DESCRIPTION OF THE CAPITAL PROJECT

Dig/Replace Pipe: Rehabilitation via excavation, removal/replacement of approximately 65 separate locations of different Pipe sections, which are suffering from sags, offset joints, etc., and are not conducive to trenchless rehabilitation. Current defective pipe conditions are restricting flow, and/or are prone to grease buildup, etc.

Foster Road Pipe Replacement: Replace and properly abandon an existing sagged, 150 LF of sixteen-inch diameter (16" Ø) gravity pipe (ACP material, circa 1968), crossing beneath State Hwy #37, with a new alignment (via jack/bore) of 150 LF of fifteen-inch diameter (15" Ø) PVC.

Sewer/Manhole Rehabilitation: Rehabilitation of several pipes and manholes, via Cured-In-Place Lining, throughout various sections of the collection system.

Replacement/Supplemental Force Mains: Directionally drill installation of replacement/supplemental force mains to have backup/redundancy to existing force mains.

EXHIBIT C-2

DESCRIPTION OF THE EQUIPMENT TO BE ACQUIRED

Equipment Purchases: Acquisition of (i) one replacement Dump Truck Vehicle, (ii) one replacement Utility Truck Vehicle with Crane, (iii) one replacement Jetter Vacuum Truck Vehicle, (iv) three replacement portable generators for use at Pump Stations 14, 15 and 20, and (v) four new Wetwell-Mounted Grinders for use at Pump Stations 24, 25, 26 and 30.