

**NEW ISSUE - Book-Entry-Only****Rating: (See "RATINGS" herein)**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, assuming continuing compliance by the Authority and the Township with certain tax covenants described herein, under existing law, interest on the 2017 Bonds is not includable for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. In the case of certain corporations that own the 2017 Bonds, the interest thereon will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the 2017 Bonds in "adjusted current earnings". In addition, interest on the 2017 Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the 2017 Bonds and any gain from the sale thereof are not includable in the gross income of the owners thereof under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**\$3,750,000**

**THE CAMDEN COUNTY IMPROVEMENT AUTHORITY  
(Camden County, New Jersey)  
TOWNSHIP GENERAL OBLIGATION LOAN REVENUE BONDS  
(WATERFORD TOWNSHIP PUBLIC SAFETY BUILDING PROJECT), SERIES 2017**

**Dated: Date of Delivery****Due: March 15, as shown on the inside cover**

The \$3,750,000 aggregate principal amount of Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2017 ("2017 Bonds") are being issued by The Camden County Improvement Authority ("Authority"), a political subdivision and public body corporate and politic of the State of New Jersey ("State"), pursuant to the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto ("Act"), and a bond resolution of the Authority duly adopted on April 14, 2016 ("Resolution") and a Certificate of Authority Officer executed by the Interim Executive Director in accordance with the terms of a delegation resolution of the Authority adopted on April 14, 2016 in connection with the sale and award of the 2017 Bonds (as amended and supplemented, the "Bond Resolution"). The 2017 Bonds will be issued in fully registered form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and a clearinghouse for securities transactions. Individual purchases of the 2017 Bonds will be made in book-entry form (without certificates) in denominations of \$5,000 or any integral multiple thereof. The principal of the 2017 Bonds is payable on their respective maturity dates, in the years and in the amounts set forth on the inside front cover page hereof. Interest on the 2017 Bonds is payable initially on March 15, 2017 and semi-annually thereafter on March 15 and September 15 of each year until maturity or earlier redemption thereof at the rates set forth on the inside front cover page hereof. The principal or Redemption Price (as defined in the Bond Resolution) of the 2017 Bonds will be payable upon presentation and surrender thereof at the principal corporate trust office of TD Bank, National Association, Cherry Hill, New Jersey ("Trustee", "Paying Agent" and "Registrar").

So long as Cede & Co. is the registered owner of the 2017 Bonds, payments of principal or Redemption Price of and interest on the 2017 Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the 2017 Bonds. Purchasers will not receive certificates representing their ownership interest in the 2017 Bonds purchased. For so long as any purchaser is a Beneficial Owner of a 2017 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal or Redemption Price of and interest on such 2017 Bond.

The 2017 Bonds are being issued by the Authority to provide funds which: (a) will be loaned to the Township of Waterford, County of Camden, New Jersey ("Township") to finance (i) the acquisition of certain real property by the Township ("Project Site"), (ii) the construction of a new, approximately 11,000 square foot Public Safety Building on said Project Site ("Facility"), and (iii) the acquisition of all materials and equipment and completion of all work necessary therefor or related to the acquisition of the Project Site and the construction of the Facility, all as more particularly described in the application submitted to the Authority, as it may be amended and supplemented (collectively, the "2017 Project"); and (b) pay the costs of issuance with respect to the sale and delivery of the 2017 Bonds. See "PURPOSE OF THE 2017 BOND ISSUE" herein. The Authority will enter into a Loan Agreement with the Township (the "Loan Agreement") dated as of February 1, 2017, pursuant to which the Authority will loan the proceeds of the 2017 Bonds to the Township and the Township will pay the Authority an aggregate amount equal to the principal, redemption premium, if any, and interest on the 2017 Bonds as well as applicable Additional Loan Payments (as defined in the Loan Agreement) as the same become due and payable on each Loan Payment Date (as defined in the Loan Agreement).

The 2017 Bonds are direct, special and limited obligations of the Authority payable solely from: (i) Revenues (as defined in the Bond Resolution) which includes, among other things, the Loan Payments (as defined in the Bond Resolution) payable by the Township under the Loan Agreement; and (ii) all moneys, securities and Funds (except the Rebate Fund) which are held or set aside or which are to be held or set aside pursuant to the terms of the Bond Resolution or which are held in any funds which are established and created under the Bond Resolution and pledged pursuant thereto to secure the payment of the principal of, redemption premium, if any, and interest on the 2017 Bonds (collectively, the "Pledged Property"). The Loan Agreement is a valid and enforceable full faith and credit general obligation of the Township and, unless paid from other sources, is payable from the levy of ad valorem taxes upon all taxable real property within the jurisdiction of the Township without limit as to rate or amount.

The 2017 Bonds are subject to optional redemption prior to maturity as further described herein. See "DESCRIPTION OF THE SERIES 2017 BONDS – Optional Redemption" herein.

THE 2017 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR OF ANY COUNTY OR ANY MUNICIPALITY, AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF SAID STATE, OR OF ANY COUNTY OR ANY MUNICIPALITY (EXCEPT THE TOWNSHIP TO THE EXTENT OF ITS LOAN PAYMENTS) EITHER LEGAL, MORAL OR OTHERWISE. THE AUTHORITY HAS NO TAXING POWER.

The scheduled payment of principal of and interest on the 2017 Bonds maturing on March 15 of the years 2020 through 2036, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by Municipal Assurance Corp. ("MAC").



**This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to their making an informed investment decision.**

The 2017 Bonds are offered when, as and if issued by the Authority, subject to the approval of certain legal matters by Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, and certain other conditions. Certain matters will be passed upon for the Authority by its counsel, Maressa Patterson LLC, Berlin, New Jersey; for the Township by its Special Conflict Solicitor, Wade, Long, Wood & Long, LLC, Laurel Springs, New Jersey; and for the Underwriter by its counsel, Obermayer Rebmann Maxwell & Hippel LLP, Cherry Hill, New Jersey. Acacia Financial Group, Inc., Marlton, New Jersey has acted as Financial Advisor to the Authority in connection with the issuance of the 2017 Bonds. It is expected that the 2017 Bonds will be available for delivery through the facilities at DTC in New York, New York on or about February 2, 2017.

**ROOSEVELT & CROSS  
Incorporated**

Dated: January 19, 2017

**\$3,750,000**  
**THE CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
**(Camden County, New Jersey)**  
**TOWNSHIP GENERAL OBLIGATION LOAN REVENUE BONDS**  
**(WATERFORD TOWNSHIP PUBLIC SAFETY BUILDING PROJECT), SERIES 2017**

**MATURITY SCHEDULE**

<b><u>Maturity (March 15)</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP No.<sup>(1)</sup></u></b>
2017	\$135,000	4.000%	0.990%	13281NUR1
2018	100,000	4.000	1.190	13281NUS9
2019	110,000	4.000	1.500	12281NUT7
2020	115,000	4.000	1.750	13281NUU4 <sup>(2)</sup>
2021	115,000	4.000	1.970	13281NUV2 <sup>(2)</sup>
2022	120,000	4.000	2.160	13281NUW0 <sup>(2)</sup>
2023	165,000	5.000	2.360	13281NUX8 <sup>(2)</sup>
2024	170,000	3.000	2.550	13281NUY6 <sup>(2)</sup>
2025	180,000	5.000	2.690	13281NUZ3 <sup>(2)</sup>
2026	190,000	5.000	2.840	13281NVA7 <sup>(2)</sup>
2027	200,000	5.000	2.940 <sup>(3)</sup>	13281NVB5 <sup>(2)</sup>
2028	210,000	5.000	3.090 <sup>(3)</sup>	13281NVC3 <sup>(2)</sup>
2029	215,000	3.000	3.230	13281NVD1 <sup>(2)</sup>
2030	225,000	3.125	3.320	13281NVE9 <sup>(2)</sup>
2031	230,000	3.125	3.420	13281NVF6 <sup>(2)</sup>
2032	235,000	3.250	3.490	13281NVG4 <sup>(2)</sup>
2033	245,000	3.300	3.550	13281NVH2 <sup>(2)</sup>
2034	255,000	3.375	3.610	13281NVJ8 <sup>(2)</sup>
2035	265,000	3.500	3.660	13281NVK5 <sup>(2)</sup>
2036	270,000	3.500	3.700	13281NVL3 <sup>(2)</sup>

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<sup>(1)</sup> Registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the 2017 Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2017 Bonds as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2017 Bonds.

<sup>(2)</sup> Insured Bonds.

<sup>(3)</sup> Priced to first call on March 15, 2026.

**THE CAMDEN COUNTY IMPROVEMENT AUTHORITY**

2220 Voorhees Town Center  
Voorhees Township, New Jersey 08043

**AUTHORITY MEMBERS**

William R. Hosey.....Chairman  
Linda M. Rohrer..... Vice Chairman  
Joseph P. Schooley..... Member  
William W. Spearman..... Member  
Reginald C. Stevenson..... Member

**INTERIM EXECUTIVE DIRECTOR**

Christopher A. Orlando

**GENERAL COUNSEL**

Maressa Patterson LLC  
Berlin, New Jersey

**BOND COUNSEL**

Parker McCay P.A.  
Mount Laurel, New Jersey

**FINANCIAL ADVISOR**

Acacia Financial Group, Inc.  
Marlton, New Jersey

**BOND TRUSTEE, REGISTRAR AND PAYING AGENT**

TD Bank, National Association  
Cherry Hill, New Jersey

**TOWNSHIP OF WATERFORD  
(Camden County, New Jersey)**

2131 Auburn Avenue  
Atco, New Jersey 08004

**MAYOR AND TOWNSHIP COMMITTEE**

William A. Richardson, Mayor  
Alphons Campbell, Deputy Mayor  
Thomas Giangiulio  
Ralph Ferguson  
Mary L. Sura

**ADMINISTRATOR**

Susan Danson

**CHIEF FINANCIAL OFFICER**

Adriane McKendry

**TOWNSHIP CLERK**

Lori Friddell, RMC

**TOWNSHIP AUDITOR**

Bowman & Company LLP  
Voorhees, New Jersey

**TOWNSHIP FINANCIAL ADVISOR**

Acacia Financial Group, Inc.  
Marlton, New Jersey

**TOWNSHIP SPECIAL CONFLICT SOLICITOR**

Wade, Long, Wood & Long, LLC  
Laurel Springs, New Jersey

The information which is set forth herein has been provided by The Camden County Improvement Authority (“Authority”), the Township of Waterford, New Jersey (“Township”), The Depository Trust Company (“DTC”) and by other sources which are believed to be reliable by the Authority, but the information provided by such sources is not guaranteed as to accuracy or completeness by the Authority. Certain general and financial information concerning the Township is contained in Appendices “A” and “B” to this Official Statement. Such information has been furnished by the Township. The Authority has not confirmed the accuracy or completeness of information relating to the Township and the Authority disclaims any responsibility for the accuracy or completeness thereof (except in those limited instances in which the Authority has provided information to the Township which the Township has included in Appendix “A”).

The Underwriter has reviewed this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Where the Constitution or statutes of the State of New Jersey are referred to, reference should be made to such Constitution or statutes for a complete statement of the matters referred to. This Official Statement is submitted in connection with the sale of the 2017 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

No dealer, broker, salesman or any other person has been authorized by the Authority or the Township to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2017 Bonds and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Township since the date hereof.

**Upon issuance, the 2017 Bonds will not be registered under the Securities Act of 1933, as amended, nor has the Bond Resolution been qualified under the Trust Indenture Act of 1939 (in reliance upon exemptions contained in such acts), will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the Authority (subject to the limitations set forth above), will have passed upon the accuracy or adequacy of this Official Statement.**

Municipal Assurance Corp. (“MAC”) makes no representation regarding the 2017 Bonds or the advisability of investing in the 2017 Bonds. In addition, MAC has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding MAC supplied by MAC and presented under the heading “BOND INSURANCE” and “Appendix G - Specimen Municipal Bond Insurance Policy”.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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## **OFFICIAL STATEMENT**

**Relating to**

**\$3,750,000**

**THE CAMDEN COUNTY IMPROVEMENT AUTHORITY**

**(Camden County, New Jersey)**

**TOWNSHIP GENERAL OBLIGATION LOAN REVENUE BONDS (WATERFORD  
TOWNSHIP PUBLIC SAFETY BUILDING PROJECT), SERIES 2017**

### **INTRODUCTION**

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished by The Camden County Improvement Authority (“Authority”), a political subdivision and a public body corporate and politic of the State of New Jersey (“State”), to provide certain information relating to: (i) the Authority; (ii) the project to be financed by the 2017 Bonds (as hereinafter defined) as more fully described herein (see “PURPOSE OF THE 2017 BOND ISSUE – Waterford Township Public Safety Building Project” herein); (iii) the Township of Waterford, New Jersey (“Township”); and (iv) the \$3,750,000 aggregate principal amount of Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2017 (“2017 Bonds”) to be issued by the Authority.

Capitalized words and terms which are used herein which are not ordinarily capitalized and which are not otherwise defined herein or in Appendices “C” and “D” hereto, shall have the meanings which are assigned to such words and terms in the Bond Resolution (as hereinafter defined) or the Loan Agreement (as hereinafter defined), as the case may be.

The 2017 Bonds are issued pursuant to the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State (*N.J.S.A. 40:37A-44 et seq.*), and the acts amendatory thereof and supplemental thereto (“Act”), and a bond resolution of the Authority duly adopted on April 14, 2016 (the “Resolution”) and a Certificate of Authority Officer executed by the Interim Executive Director in accordance with the terms of a delegation resolution of the Authority adopted on April 14, 2016 in connection with the sale and award of the 2017 Bonds (as amended and supplemented, the “Bond Resolution”).

The 2017 Bonds are being issued by the Authority to provide funds which: (a) will be loaned to the Township to finance (i) the acquisition of certain real property by the Township (“Project Site”), (ii) the construction of a new, approximately 11,000 square foot Public Safety Building on said Project Site (“Facility”), and (iii) the acquisition of all materials and equipment and completion of all work necessary therefor or related to the acquisition of the Project Site and the construction of the Facility, all as more particularly described in the application submitted to the Authority, as it may be amended and supplemented (collectively, the “2017 Project”); and (b) pay the costs of issuance with respect to the sale and delivery of the 2017 Bonds. The Authority will enter into a Loan Agreement with the Township (the “Loan Agreement”) dated as of February 1, 2017, pursuant to which the Authority will loan the proceeds of the 2017 Bonds to the Township and the Township will pay the Authority an aggregate amount equal to the principal, redemption premium, if any, and interest on the 2017 Bonds as well as applicable Additional Loan Payments (as defined in the Loan Agreement) as the same become due and payable on each Loan Payment Date (as defined in the Loan Agreement). TD Bank, National Association, Cherry Hill, New Jersey, has been appointed by the Authority pursuant to the Bond



Resolution to serve as trustee, paying agent and registrar (“Trustee, “Paying Agent” and “Registrar”).

The 2017 Bonds are direct, special and limited obligations of the Authority payable solely from: (i) Revenues (as defined in the Bond Resolution) which include, among other things, the Loan Payments (as defined in the Bond Resolution) payable by the Township under the Loan Agreement; and (ii) all moneys, securities and Funds (except the Rebate Fund) which are held or set aside or which are to be held or set aside pursuant to the terms of the Bond Resolution or which are held in any funds which are established and created under the Bond Resolution and pledged pursuant thereto to secure the payment of the principal of, redemption premium, if any, and interest on the 2017 Bonds (collectively, the “Pledged Property”). The Loan Agreement is a valid and enforceable full faith and credit general obligation of the Township and, unless paid from other sources, is payable from the levy of ad valorem taxes upon all taxable real property within the jurisdiction of the Township without limit as to rate or amount. See **“SECURITY AND SOURCES OF PAYMENT FOR THE 2017 BONDS – Loan Agreement”**.

Copies of the Bond Resolution and the Loan Agreement are on file at the offices of the Authority in Voorhees, New Jersey and at the principal corporate trust office of the Trustee in Cherry Hill, New Jersey, and reference is made to such documents for the provisions relating to, among other things, the terms of and the security for the 2017 Bonds, the custody and application of the proceeds of the 2017 Bonds, the rights and remedies of the holders of the 2017 Bonds, and the rights, duties and obligations of the Authority, the Township and the Trustee.

There follows in this Official Statement brief descriptions of the 2017 Bonds, the Bond Resolution, the Loan Agreement, the Authority and the 2017 Project. Certain data regarding the Township and Audited Financial Statements of the Township for the fiscal years ended December 31, 2014 and 2015 are attached to this Official Statement as Appendices “A” and “B”, respectively. The Authority has not confirmed the accuracy or completeness of the information relating to the Township, and the Authority disclaims any responsibility for the accuracy or completeness thereof (except in those limited instances in which the Authority has provided information to the Township which the Township has included in Appendix “A”). See **“APPENDICES”** for a listing of other pertinent documents attached hereto as additional appendices.

The summaries of and references to all documents, statutes, reports and other instruments which are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to such document, statute, report or instrument.

### **AUTHORIZATION FOR THE 2017 BONDS**

The 2017 Bonds are issued under and authorized pursuant to the Constitution and laws of the State including, particularly, the Act and the Bond Resolution.

The financing plan of the Authority regarding the 2017 Bonds was reviewed by the Local Finance Board of the Division of Local Government Services within the State Department of Community Affairs (“Local Finance Board”) at a meeting held on April 13, 2016. On said date, the Local Finance Board passed a resolution approving the method proposed for the funding of

the costs of the 2017 Project, and the terms of such financing. The Authority confirmed the findings of the Local Finance Board by resolution adopted on May 19, 2016.

## **PURPOSE OF THE 2017 BOND ISSUE**

### **General**

The 2017 Bonds are being issued to provide funds to: (i) finance the Costs (as hereinafter defined) of the 2017 Project; and (ii) pay the costs of issuance with respect to the sale and delivery of the 2017 Bonds.

### **The 2017 Project**

A portion of the 2017 Bond proceeds will be loaned by Authority to the Township to finance the Costs of completion of the 2017 Project.

The term "Costs" includes, but is not limited to: (i) the costs of payment of, or reimbursement for, the acquisition, construction, equipping and furnishing of the 2017 Project including, but not limited to, environmental or remediation costs, advances or progress payments, appraisals, engineering, design, site work, surveys, title insurance, demolition, acquisition costs, construction and equipment costs, installation costs, administrative costs and capital expenditures relating to the 2017 Project, capitalized interest, financing payments, sales taxes, excise taxes, property taxes, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recordation costs, printing costs for all documents, reproduction and binding costs, fees and charges of the Trustee pursuant to the Bond Resolution, financing documents, legal fees and charges, all financial, accounting and other professional consultant fees, the Initial Authority Financing Fee for a particular Series of Bonds, all professional and consulting fees and charges of the Authority, if any, and of the Township, costs of rating agencies, bond insurance, bond insurers or credit ratings, fees for the printing, execution, transportation and safekeeping of any Series of Bonds, and any charges and fees in connection with any of the foregoing; (ii) all other costs which the Township or the Authority shall be required to pay under the terms of any contract or contracts for the acquisition, construction, equipping and furnishing of the 2017 Project including, but not limited to, the cost of insurance; (iii) any sums required to reimburse the Township for advances made for any of the above items, or for any other costs incurred and for work done, which is properly chargeable to the 2017 Project; (iv) deposits in any Fund or Account under the Bond Resolution, all as shall be provided in the Bond Resolution; and (v) such other expenses not specified herein or in the Loan Agreement as may be necessary or incidental to the acquisition, construction, equipping and furnishing of the 2017 Project, the financing thereof and the placing of the same in use and operation. Cost as defined herein shall be deemed to include the costs and expenses incurred by any agent of the Authority or the Township for any of the above-mentioned items or in connection with the administration and enforcement of the Continuing Disclosure Agreement and the Loan Agreement.

## **DESCRIPTION OF THE 2017 BONDS**

### **General**

The 2017 Bonds are issuable as fully registered bonds. The 2017 Bonds will mature on the dates and bear interest at the respective rates set forth on the inside front cover page of this

Official Statement and will be issued in book-entry form. So long as The Depository Trust Company, New York, New York (“DTC”), or its nominee, Cede & Co., is the registered owner of the 2017 Bonds, payments of the principal or Redemption Price of, and interest on, the 2017 Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (“DTC Participants”) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the 2017 Bonds is the responsibility of the DTC Participants and not the Authority or the Paying Agent. See “DESCRIPTION OF THE 2017 BONDS - Book-Entry-Only System” below.

Interest on the 2017 Bonds, calculated on the basis of a 360-day year of twelve 30 day months, is payable on March 15 and September 15 of each year, commencing on March 15, 2017 (each an “Interest Payment Date”), by check or bank draft or, for Registered Owners of \$1,000,000 or more in principal amount of 2017 Bonds which have submitted to the Registrar and Paying Agent a written request therefor, wire transfer of funds to a bank account located in the Continental United States as designated by the Registered Owners of such 2017 Bonds. Interest on any 2017 Bond which is payable on any Interest Payment Date shall be paid to the person in whose name that 2017 Bond is registered at the close of business on the first (1<sup>st</sup>) day (whether or not such day shall be a Business Day) of the month each Interest Payment Date occurs (“Record Date”). Principal or Redemption Price of the 2017 Bonds will be paid, when due, upon presentation and surrender of the 2017 Bonds at the principal corporate trust office of the Trustee, as Paying Agent.

### **Optional Redemption**

The 2017 Bonds maturing prior to March 15, 2027 are not subject to redemption prior to maturity. The 2017 Bonds maturing on or after March 15, 2027 are subject to redemption prior to maturity at the option of the Authority at the direction of the Township, upon notice as set forth below, on or after March 15, 2026 as a whole or in part on any date in such order of maturity as the Township may direct and within a maturity by lot (or other customary method of selection determined by the Trustee) at a Redemption Price equal to one hundred percent (100%) of the principal amount of 2017 Bonds to be redeemed, together with accrued interest to the redemption date.

### **Notice of Redemption**

In the case of any redemption of 2017 Bonds by the Authority at the written direction of the Township, the Authority shall give written notice to the Trustee of the election or direction of the Township to so redeem, except for the redemption of 2017 Bonds pursuant to mandatory sinking fund redemption, if any. Such notice shall be given at least sixty (60) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. When the Trustee receives such notice from the Authority to redeem 2017 Bonds and written notice from the Township of its consent to the redemption of the 2017 Bonds, the Trustee shall cause a notice to be deposited in the United States mail first class, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the redemption date addressed to the Registered Owners of the 2017 Bonds (or portions thereof) called for redemption, at the addresses appearing in the registry books kept by the Trustee. Such notice shall be given in the name of the Authority, shall identify the maturities of the 2017 Bonds to be redeemed, the redemption date, the Redemption Price and the place or places where amounts due upon such redemption will be payable and, if less than all of the 2017 Bonds of any maturity are to be redeemed, the letters and numbers or other

distinguishing marks of such 2017 Bonds so to be redeemed and, in the case of the 2017 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable on each 2017 Bond to be redeemed the Redemption Price thereof, or of such specified portions of the principal amount thereof, in the case of the 2017 Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date and that from and after such date interest thereon shall cease to accrue and be payable. Any defect in or failure to give such notice with respect to any particular 2017 Bond shall not affect the validity of any such redemption of other 2017 Bonds.

If, on the redemption date, moneys for the redemption of all the 2017 Bonds or portions thereof, together with interest thereon to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date, then from and after the redemption date interest on the 2017 Bonds or portions thereof so called for redemption shall cease to accrue and become payable.

So long as the 2017 Bonds are in book-entry form, the Trustee shall mail such notice solely to DTC and the Trustee will not send redemption notices to Beneficial Owners of the 2017 Bonds.

### **Book-Entry-Only System**

*The information contained in this section concerning DTC and the DTC Book-Entry-Only System has been obtained from sources that the Authority and the Underwriter believe to be reliable. However, the Authority and the Underwriter take no responsibility for the accuracy thereof. The Beneficial Owners should confirm the information with DTC or the DTC Participants, as the case may be.*

DTC will act as securities depository for the 2017 Bonds. The 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2017 Bonds, in the aggregate principal amount of such maturity of the 2017 Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing

Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2017 Bonds, except in the event that use of the book-entry-only system for the 2017 Bonds is discontinued.

To facilitate subsequent transfers, all 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2017 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2017 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative

of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, or interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2017 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2017 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2017 Bond certificates will be printed and delivered.

So long as Cede & Co. is the registered owner of the 2017 Bonds, as nominee of DTC, references herein to the Bondholders or Registered Owners of the 2017 Bonds (excluding all references thereto under the heading "TAX MATTERS" herein) means Cede & Co., not the Beneficial Owners of the 2017 Bonds.

THE AUTHORITY, THE TOWNSHIP, THE TRUSTEE, THE REGISTRAR, THE PAYING AGENT AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE 2017 BONDS (1) PAYMENTS OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2017 BONDS, OR (2) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2017 BONDS, OR (3) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE TOWNSHIP, THE TRUSTEE, THE REGISTRAR, THE PAYING AGENT OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE 2017 BONDS WITH RESPECT TO: (1) THE 2017 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ITS NOMINEE, OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY

BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON ANY 2017 BONDS; (4) THE DELIVERY BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO THE BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2017 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

## **SECURITY AND SOURCES OF PAYMENT FOR THE 2017 BONDS**

### **General**

The 2017 Bonds constitute direct, special and limited obligations of the Authority and are secured solely by and payable solely from the Revenues and secured by Pledged Property, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution. The 2017 Bonds will be secured by a lien on the Pledged Property.

The term Revenues is defined in the Bond Resolution as: (i) all amounts, including Loan Payments, received by the Authority from the Township under the Loan Agreement, and any other agreement with respect to any Additional Project; (ii) any moneys or securities held pursuant to the Bond Resolution and paid or required to be paid into the Debt Service Fund; (iii) any payments made by the Township to the Authority pursuant to Section 708 of the Bond Resolution; (iv) interest received on any moneys or Investment Securities held under the Bond Resolution (other than in the Rebate Fund) and required to be paid into the Revenue Fund pursuant to the Bond Resolution; and (v) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of a particular Series of Bonds pursuant to a Supplemental Resolution.

The term Pledged Property is defined in the Bond Resolution as: (i) the Revenues; (ii) the Funds and Accounts established hereunder (other than the Rebate Fund), including Investment Securities held in any such Funds or Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the Bond Resolution.

The Loan Agreement provides for payments of Loan Payments sufficient to pay in full on a timely basis the principal of and interest on the 2017 Bonds. The 2017 Bonds are not payable from general funds of the Authority and shall not constitute a legal or equitable pledge or lien or encumbrance upon any of the assets or property of the Authority or upon any of its income, receipts, or revenues, except as provided in the Bond Resolution. The full faith and credit of the Authority are not pledged, either expressly or by implication, to the payment of the 2017 Bonds. The Authority has no taxing power. The Authority has no claim on revenues or receipts of the State or any agency or political subdivision thereof (except the Township to the extent of Loan Payments).

The Loan Payments to be made by the Township pursuant to the Loan Agreement are equal to the amount of the principal or Redemption Price of and interest on the 2017 Bonds due

on each Loan Payment Date and, as applicable, Additional Loan Payments (including, but not limited to, administrative expenses of the Authority with respect to the 2017 Bonds incurred by the Authority from time to time) as and when the same become due and payable upon demand pursuant to the terms of the Loan Agreement. Pursuant to the Loan Agreement, the Township has covenanted to budget in each fiscal year amounts for the purpose of satisfying the Loan Payments to be made by the Township to the Authority pursuant to the terms of the Loan Agreement. Nevertheless, the payment obligations created under the Loan Agreement are direct, general, irrevocable and unconditional obligations of the Township payable from any source legally available to the Township, including, without limitation, the general tax revenues of the Township, and the Township shall, if necessary, levy *ad valorem* taxes upon all the taxable real property within the jurisdiction of the Township for the payment of such obligations, without limitation as to rate or amount. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017 BONDS – Loan Agreement” herein.

**The Loan Payments (excluding Additional Loan Payments) include only scheduled payments of principal of the 2017 Bonds (including Sinking Fund Installments, if any, and payments of principal upon maturity of serial maturity 2017 Bonds), and scheduled payments of interest on the 2017 Bonds. The Township is not required under any circumstances to make any accelerated payments of the principal amount of the 2017 Bonds (including any Sinking Fund Installment, if any, or other principal payment), notwithstanding that, upon the occurrence of certain Events of Default under the Bond Resolution, the Trustee may (and, at the direction of a majority of the Holders of Outstanding 2017 Bonds, the Trustee shall) declare the principal of all 2017 Bonds then Outstanding under the Bond Resolution to be due and payable immediately.**

No recourse shall be had by the Trustee or any Bondholder for any claim based on the 2017 Bonds or the Bond Resolution against any director, freeholder, member, officer, agent or employee, past, present or future, of, as the case may be, the Authority or the Township, either directly or through the Authority or the Township, as the case may be, or any such successor body, under any constitutional provision, statute or rule of law or by assessment or penalty or by any legal or equitable proceeding or otherwise unless such claim is based upon the willful dishonesty of or intentional violation of law by such person. No covenant, stipulation, obligation or agreement of the Authority or the Township contained in the 2017 Bonds or the Bond Resolution or in any document to which the Authority or the Township are a party shall be deemed to be a stipulation, obligation or agreement of any present or future director, freeholder, member, officer, agent or employee of, as the case may be, the Authority or the Township in his individual capacity, and any director, Councilperson, member, officer, agent or employee of, as the case may be, the Authority or the Township executing the 2017 Bonds shall not be liable personally thereon or subject to any personal liability or accountability by reason of the issuance thereof.

### **Bond Resolution to Constitute Contract**

In consideration of the purchase and acceptance of the 2017 Bonds by those who shall hold the same from time to time, the provisions of the Bond Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the holders from time to time of the 2017 Bonds. Any pledge which is made in the Bond Resolution for the benefit of the Owners of the 2017 Bonds and the covenants and agreements which are set forth therein are for the equal benefit, protection and security of the Owners of such 2017 Bonds all of which,



regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction as to the lien of any of the 2017 Bonds over any other thereof except as expressly provided in or pursuant to the terms of the Bond Resolution.

### **Additional Bonds**

The Authority may issue Additional Bonds under the Bond Resolution for the purpose of raising funds to pay the Cost of any Additional Project. The Additional Bonds of any such Series may be authenticated and delivered by the Trustee upon receipt of the documents and moneys required by the Bond Resolution.

### **Loan Agreement**

The Authority and the Township have entered into the Loan Agreement in order to secure the 2017 Bonds. With respect to the 2017 Bonds, pursuant to the terms of the Loan Agreement, the Township is required to make Loan Payments to the Authority on each Loan Payment Date in an amount equal to the Debt Service payable on the 2017 Bonds on the immediately succeeding Interest Payment Date, Principal Installment Date or Sinking Fund Installment due date, as the case may be, subject to a credit for investment earnings and certain other amounts received by the Trustee as provided therein. Loan Payment Dates occur five (5) Business Days prior to each Interest Payment Date, Principal Installment Date or Sinking Fund Installment due date, as applicable. In addition, the Township is required to make Additional Loan Payments to cover certain administrative expenses of the Trustee and the Authority and other professional fees and the Rebate Amount, if any.

The obligation of the Township to pay Loan Payments provided for in the Loan Agreement and to perform its obligations under the Loan Agreement is absolute and unconditional and secured by the full faith and credit pledge of the Township. The obligation of the Township to pay Loan Payments is enforceable regardless of whether Loan Payments have been budgeted for by the Township.

The Township Committee of the Township duly and finally adopted an ordinance on April 27, 2016, authorizing the execution and performance on behalf of the Township of the Loan Agreement and the pledge of the Township's full faith and credit to the payment of the Township's Loan Payment obligations under the Loan Agreement.

See "Appendix D – Copy of Loan Agreement" for a more complete description of the provisions of the Loan Agreement and Appendix "A" for certain information concerning the Township.

An Event of Default under the Loan Agreement shall not give rise to an Event of Default under the Bond Resolution.

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**ESTIMATED SOURCES AND USES OF FUNDS**

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the 2017 Bonds:

Sources of Funds:

Principal Amount of 2017 Bonds .....	\$3,750,000.00
Plus: Net Original Issue Premium.....	<u>142,134.10</u>
<b>TOTAL SOURCES OF FUNDS .....</b>	<b><u>\$3,892,134.10</u></b>

Uses of Funds:

Project Fund Deposit.....	\$3,750,000.00
Costs of Issuance and Miscellaneous <sup>1</sup> .....	<u>142,134.10</u>
<b>TOTAL USES OF FUNDS .....</b>	<b><u>\$3,892,134.10</u></b>

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<sup>1</sup> Includes Underwriter's discount, legal, printing, financial advisory, credit rating, Trustee, Paying Agent, Registrar and Authority fees, municipal bond insurance premium, contingency and other fees and expenses allocable to the 2017 Bonds.

**DEBT SERVICE REQUIREMENTS ON THE 2017 BONDS**

<b><u>Year Ending (December 31)</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest</u></b>	<b><u>Total Series 2017 Bonds</u></b>
2017	\$135,000	\$86,421.02	\$221,421.02
2018	100,000	136,472.50	236,472.50
2019	110,000	132,272.50	242,272.50
2020	115,000	127,772.50	242,772.50
2021	115,000	123,172.50	238,172.50
2022	120,000	118,472.50	238,472.50
2023	165,000	111,947.50	276,947.50
2024	170,000	105,272.50	275,272.50
2025	180,000	98,222.50	278,222.50
2026	190,000	88,972.50	278,972.50
2027	200,000	79,222.50	279,222.50
2028	210,000	68,972.50	278,972.50
2029	215,000	60,497.50	275,497.50
2030	225,000	53,756.88	278,756.88
2031	230,000	46,647.51	276,647.51
2032	235,000	39,235.01	274,235.01
2033	245,000	31,373.76	276,373.76
2034	255,000	23,028.13	278,028.13
2035	265,000	14,087.50	279,087.50
2036	<u>270,000</u>	<u>4,725.00</u>	<u>274,725.00</u>
<b>TOTAL</b>	<b><u>\$3,750,000</u></b>	<b><u>\$1,550,544.81</u></b>	<b><u>\$5,300,544.81</u></b>

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## **BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the 2017 Bonds, Municipal Assurance Corp. ("MAC") will issue its Municipal Bond Insurance Policy (the "Policy") for the 2017 Bonds maturing on March 15 of the years 2020 through 2036, inclusive (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York or Connecticut insurance law.

### **Municipal Assurance Corp.**

MAC is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of the shareholders or affiliates of AGL, other than MAC, is obligated to pay any debts of MAC or any claims under any insurance policy issued by MAC.

MAC is wholly owned by Municipal Assurance Holdings Inc., which, in turn, is owned 61% by Assured Guaranty Municipal Corp. and 39% by Assured Guaranty Corp.

MAC's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA"). Each rating of MAC should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of MAC in its sole discretion. In addition, the rating agencies may at any time change MAC's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by MAC. MAC only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by MAC on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### *Current Financial Strength Ratings*

On July 8, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed the insurance financial strength rating of "AA+", with a Stable Outlook, of MAC. MAC can give no assurance as to any further ratings action that KBRA may take.

On July 27, 2016, S&P issued a credit rating report in which it affirmed MAC's financial strength rating of "AA" (stable outlook). MAC can give no assurance as to any further ratings action that S&P may take.

For more information regarding MAC's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

### *Capitalization of MAC*

As of September 30, 2016, MAC's policyholders' surplus and contingency reserve were approximately \$726 million and its unearned premium reserve was approximately \$363 million, in each case, determined in accordance with statutory accounting principles.

### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to MAC are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 (filed by AGL with the SEC on August 4, 2016); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 (filed by AGL with the SEC on November 4, 2016).

All financial statements of MAC and all other information relating to MAC included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Municipal Assurance Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding MAC included herein under the caption "BOND INSURANCE – Municipal Assurance Corp." or included in a document incorporated by reference herein (collectively, the "MAC Information") shall be modified or superseded to the

extent that any subsequently included MAC Information (either directly or through incorporation by reference) modifies or supersedes such previously included MAC Information. Any MAC Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

### *Miscellaneous Matters*

MAC makes no representation regarding the 2017 Bonds or the advisability of investing in the 2017 Bonds. In addition, MAC has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding MAC supplied by MAC and presented under the heading "BOND INSURANCE".

## **THE AUTHORITY**

### **Creation and Powers**

The Authority is a public body corporate and politic of the State and was created by a resolution of the Freeholder Board pursuant to the Act.

The Authority has broad powers under the Act including, among others, the following: to sue and be sued; to enter into leases and contracts; to acquire property by any lawful means, including the exercise of the power of eminent domain; to hold, operate and administer its property; to issue its negotiable bonds and to secure their payment and the rights of Holders thereof under a bond resolution; to enter into contracts; to charge and collect charges for use of its facilities and to revise such charges which the Act requires to be charged such that the revenues of the Authority will at all times be adequate to pay all administrative expenses, to pay punctually the principal of and interest on any bonds, to maintain reserves and sinking funds therefor, as may be required by the terms of any contracts with Holders, and to make and enforce rules and regulations for the management of its business and affairs.

The Authority was established for, among other purposes, the purpose of providing for the construction of public buildings, transportation facilities, the acquisition of equipment and the acquisition of property owned by the federal government. Subsequent amendments to the Act permit the Authority to provide for the construction of convention halls, solid waste disposal facilities, recreation/entertainment centers, low and moderate income housing, to plan, initiate and carry out redevelopment projects and to provide financing on behalf of certain non-profit entities.

The Authority's mailing address is 2220 Voorhees Town Center, Voorhees, New Jersey 08043.

### **Management**

The governing body of the Authority consists of five members appointed by the Board. The Authority's staff is supervised by the Interim Executive Director who also serves as the Secretary of the Authority. The present members of the governing body of the Authority, their offices and the expiration dates of their terms as members are as follows:

<b>Name</b>	<b>Office</b>	<b>Expiration of Term</b>
William R. Hosey	Chairman	January 31, 2020
Linda M. Rohrer	Vice Chair	January 31, 2018
Joseph P. Schooley	Member	January 31, 2021
William W. Spearman	Member	January 31, 2017
Reginald Stevenson	Member	January 31, 2019

## **LITIGATION**

### **Authority**

In the opinion of Maressa Patterson LLC, General Counsel to the Authority, there is no litigation pending or, to the best of their knowledge, threatened which would restrain or enjoin the issuance or sale of the 2017 Bonds or in any way contesting the validity or affecting the authority for the issuance of the 2017 Bonds, the adoption of the Bond Resolution, or the authorization, execution and delivery by the Authority of the Lease Agreement or any other of the financing documents to which the Authority is a party, or the existence or powers of the Authority.

### **Township**

In the opinion of Wade, Long, Wood & Long, LLC, Township Special Conflict Solicitor, there is no litigation pending or, to the best knowledge of the Township Special Conflict Solicitor, threatened to restrain or enjoin the Township from entering into or delivering the Loan Agreement or in any way contesting or affecting the 2017 Project. Also, there is no litigation pending or, to the best knowledge of the Township Special Conflict Solicitor, threatened that would have a material and adverse impact on the financial condition of the Township, if adversely decided.

## **TAX MATTERS**

### **Federal**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, assuming continuing compliance by the Authority and the Township with their respective tax covenants described below, under existing law, interest on the 2017 Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for “adjusted current earnings” set forth in Section 56(g) of the Code is required in determining a corporation’s alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of (i) the “adjusted current earnings” of a corporation over (ii) the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on tax-exempt obligations, including the 2017 Bonds, is not excludable in computing a corporation's "adjusted current earnings." Accordingly, a portion of any interest on the 2017 Bonds received or accrued by a corporation that owns the 2017 Bonds is included in computing such corporation's alternative minimum taxable income for such year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the 2017 Bonds received or accrued by a foreign corporation subject to the branch profits tax is included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the 2017 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has assumed continuing compliance by (i) the Authority with the covenants contained in the Bond Resolution, the Loan Agreement and in the Certificate as to Nonarbitrage and Other Tax Matters; and (ii) the Township with the covenants contained in the Loan Agreement and the Certificate as to Nonarbitrage and Other Tax Matters that each will comply with the applicable requirements of the Code. These covenants relate to, *inter alia*, the use and investment of proceeds of the 2017 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority or the Township to comply with such covenants could result in the interest on the 2017 Bonds being subject to federal income tax retroactive to the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the 2017 Bonds that may affect the tax-exempt status of the interest thereon.

Ownership of the 2017 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the 2017 Bonds constitutes disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the 2017 Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the 2017 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks,



thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code. The 2017 Bonds are *not* “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Owners of the 2017 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

### **New Jersey**

Bond Counsel is also of the opinion that interest on the 2017 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the United States Congress and in New Jersey that, if enacted, could alter or amend the Federal and New Jersey tax matters referred to above or adversely affect the market value or marketability of the 2017 Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to obligations issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the 2017 Bonds.

PROSPECTIVE PURCHASERS OF THE 2017 BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE 2017 BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

### **PLEDGE OF THE STATE NOT TO LIMIT POWERS OF AUTHORITY OR RIGHTS OF BONDHOLDERS**

The Act sets forth the pledge and agreement that the State will not limit or alter the rights vested by the Act in the authorities organized thereunder to fix, establish, charge and collect service charges and to fulfill the terms of any agreements made with holders of obligations of authorities or in any way impair the rights and remedies of such holders, until such obligations, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged.

## **NEGOTIABILITY OF THE 2017 BONDS**

Section 24 of the Act, *N.J.S.A. 40:37A-67*, provides that any bond or obligation issued pursuant to the Act shall be fully negotiable within the meaning and for all purposes of the negotiable instruments law of the State and each holder or owner of such bond or other obligation, or of any coupon appurtenant thereto, by accepting such bond or coupon shall be conclusively deemed to have agreed that such bond, obligation or coupon is and shall be fully negotiable within the meaning and for all purposes of said negotiable instruments law.

## **THE 2017 BONDS NOT A DEBT OF THE STATE**

The 2017 Bonds shall not in any way be a debt or liability of the State or any political subdivision thereof or create or constitute any indebtedness, liability or obligation of the State or any political subdivision thereof other than the obligation of (a) the Authority, which has no taxing power, the obligation of which is limited to the Pledged Property, and (b) the Township, to the extent of its Loan Payments which, to the extent such amounts are insufficient, it will be obligated to levy *ad valorem* taxes on all taxable property within the Township without limitation as to rate or amount in an amount sufficient to provide for payment as is needed to pay, when due, the principal of and interest on the 2017 Bonds.

## **CONTINUING DISCLOSURE**

In accordance with the provisions of Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (“Rule”), the Township will, prior to the issuance of the 2017 Bonds, enter into a Continuing Disclosure Agreement with the Phoenix Advisors LLC, as dissemination agent, substantially in the form set forth in Appendix “F” hereto.

The Township previously failed to file electronically with the Electronic Municipal Market Access Website of the Municipal Securities Rulemaking Board (“EMMA”), in a timely manner: (i) its adopted budget for the fiscal year ended December 31, 2013; and (ii) operating data for the fiscal year ended December 31, 2012. Additionally, the Township has acknowledged that it previously failed to file material event notices and late filing notices in connection with: (i) its timely filing of annual financial information; and (ii) certain rating changes. Such notices of material events and late filing have been filed with EMMA as of the date of this Official Statement. The Township has appointed Phoenix Advisors LLC to serve as continuing disclosure agent.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Authority and the Township should be considered with reference to Chapter 9 of the United States Bankruptcy Code (“Bankruptcy Code”), 11 *U.S.C.* §§901 to 946. Under Chapter 9 of the Bankruptcy Code, a municipality, which is a political subdivision or public agency or instrumentality of the State, that is insolvent or unable to meet its debts may file a petition in a United States Bankruptcy Court (“Bankruptcy Court”) to adjust the debt of the municipality. Chapter 9 of the Bankruptcy Code does not permit the municipality to liquidate its assets and distribute the proceeds of its assets to its creditors. Chapter 9 of the Bankruptcy Code permits a financially distressed municipality to seek protection from its creditors by staying the commencement or continuation of certain actions against the municipality while it formulates and negotiates a plan of adjustment of its debts which can be binding on a dissenting minority of

creditors if it is acceptable to the majority of creditors. Should the Authority or the Township file a petition in the Bankruptcy Court under Chapter 9 of the Bankruptcy Code prior to the payment in full of the principal of and interest on the 2017 Bonds, the holders of the 2017 Bonds would be considered creditors and would be bound by the municipality's plan of adjustment of its debt.

Reference should also be made to *N.J.S.A. 52:27-40 et seq.* which provides that any “political subdivision” of the State as defined therein, which includes the Authority and the Township, has the power to file a petition with the Bankruptcy Court under Chapter 9 of the Bankruptcy Code provided the “political subdivision” has obtained approval of the Local Finance Board. Section 903 of the Bankruptcy Code, 11 *U.S.C.* §903, specially provides that Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality; provided, however, that a state law prescribing a method of composition of indebtedness of the municipality may not bind any creditor that does not consent to such composition and that a judgment entered under such state law may not bind a creditor that does not consent to such composition.

**THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE AUTHORITY OR THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCES OF PAYMENT OF AND SECURITY FOR THE 2017 BONDS.**

#### **APPROVAL OF LEGAL PROCEEDINGS**

Legal matters incident to the authorization and the issuance by the Authority of the 2017 Bonds are subject to the approval of certain legal matters by Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority. Certain legal matters will be passed on for the Authority by its counsel, Maressa Patterson LLC, Berlin, New Jersey; for the Township by the Township Special Conflict Solicitor, Wade, Long, Wood & Long, LLC, Laurel Springs, New Jersey, and for the Underwriter by Obermayer Rebmann Maxwell & Hippel LLP, Cherry Hill, New Jersey.

The various legal opinions and/or certifications to be delivered concurrently with the delivery of the 2017 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion and/or certification, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion and/or certification guarantee the outcome of any legal dispute that may arise out of the transaction.

#### **LEGALITY FOR INVESTMENT**

The Act provides that: (i) the State and all public officers, municipalities, counties, political subdivisions and public bodies and agencies thereof; (ii) all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations,

investment companies and other persons carrying on a banking or investment business; (iii) all insurance companies, insurance associations, and other persons carrying on an insurance business; and (iv) all executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest any sinking funds, moneys or other funds belonging to them or within their control in the obligations of authorities organized thereunder, including the 2017 Bonds, and that such obligations are authorized security for any and all public deposits.

## **RATINGS**

### **Insured Bonds**

S&P and KBRA are expected to assign their municipal bond ratings of “AA” (stable outlook) and “AA+” (stable outlook), respectively, to the Insured Bonds with the understanding that, upon delivery of the 2017 Bonds, a Municipal Bond Insurance Policy guaranteeing when due the scheduled payment of the principal of and interest on the Insured Bonds will be issued concurrently with the delivery of the Insured Bonds by MAC.

S&P has assigned an underlying credit rating of “AA-” to the Insured Bonds based upon the creditworthiness of the Township.

### **Uninsured Bonds**

S&P has assigned its municipal bond rating of “AA-” to the 2017 Bonds maturing on March 15 of the years 2017 through 2019, inclusive, based upon the creditworthiness of the Township.

### **General**

An explanation of the significance of such bond ratings may be obtained from the rating agencies furnishing the same, at the following addresses: S&P, 55 Water Street, New York, New York 10041 and KBRA, 845 Third Avenue, 4<sup>th</sup> Floor, New York, New York 10022. Such bond ratings express only the view of such organization furnishing such ratings. There is no assurance that such bond ratings will continue for any period of time or that the ratings will not be revised or withdrawn. Any such revision or withdrawal of the ratings may have an effect on the marketability and market price of the 2017 Bonds.

## **INDEPENDENT AUDITORS**

The financial statements of the Township as of December 31, 2011, 2012, 2013, 2014 and 2015, and for the years then ended, included in Appendix “B” to this Official Statement, have been audited by Bowman & Company LLP, Voorhees, New Jersey, independent certified public accountants, as stated in their report appearing in Appendix “B” to this Official Statement.

## **UNDERWRITING**

The 2017 Bonds have been purchased from the Authority by Roosevelt & Cross, Incorporated (“Underwriter”), at a price of \$3,873,421.60. The purchase price of the 2017 Bonds reflects an Underwriter's discount of \$18,712.50 and a net original issue premium of \$142,134.10. The Underwriter is obligated to purchase all of the 2017 Bonds if any 2017 Bonds are purchased.

The Underwriter intends to offer the 2017 Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the 2017 Bonds to the public. The Underwriter may offer and sell the 2017 Bonds to certain dealers (including dealers depositing 2017 Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

### **FINANCIAL ADVISOR**

Acacia Financial Group, Inc., Marlton, New Jersey, has served as Financial Advisor to the Authority with respect to this transaction. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **APPENDICES**

Appendix “A” to this Official Statement consists of certain general and financial information concerning the Township which has been provided by the Township from public documents of the Township and from other public or official documents or publications which are referred to therein. The Authority has not confirmed the accuracy or completeness of said information, and the Authority disclaims any responsibility for the accuracy or completeness thereof.

Appendix “B” to this Official Statement consists of Audited Financial Statements of the Township for the fiscal years ended December 31, 2011, 2012, 2013, 2014 and 2015, which have been provided by the Township's Auditor. The Authority has not confirmed the accuracy or completeness of said information, and the Authority disclaims any responsibility for the accuracy or completeness thereof.

Appendix “C” to this Official Statement consists of copies of the Bond Resolution and Certificate of Authority Officer.

Appendix “D” to this Official Statement consists of a copy of the Loan Agreement.

Appendix “E” to this Official Statement consists of the proposed form of opinion of Bond Counsel to the Authority.

Appendix “F” to this Official Statement consists of the form of the Continuing Disclosure Agreement for the Township.

Appendix “G” to this Official Statements consists of the Specimen Municipal Bond Insurance Policy for the Insured Bonds.

**MISCELLANEOUS**

The execution and delivery of this Official Statement has been duly authorized by the Authority and approved by the Township. Certain information contained in the Official Statement has been obtained from sources other than the Authority. All quotations from and summaries and explanations of provisions of laws, statutes, resolutions and agreements herein do not purport to be complete and reference should be made to said laws, statutes, resolutions and agreements for a full and complete statement of their provisions.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the 2017 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township or the Authority since the date hereof.

The execution and delivery of this Official Statement have been duly authorized by the Authority and approved by the Township.

**THE CAMDEN COUNTY IMPROVEMENT  
AUTHORITY**

By:     /s/ William R. Hosey      
**WILLIAM R. HOSEY**  
**Chairman**

**Dated: January 19, 2017**

**WATERFORD TOWNSHIP, NEW JERSEY**

By:     /s/ Adriane McKendry      
**ADRIANE MCKENDRY**  
**Chief Financial Officer**

**APPENDIX A**

Certain Economic, Financial and Demographic Information  
Regarding the Township of Waterford

## **GENERAL INFORMATION ON THE TOWNSHIP**

### **History**

The Township was established in New Jersey by charter granted on June 1, 1696, and incorporated in 1883. Located in the eastern section of Camden County, it borders Burlington and Atlantic Counties and is bound on the south by Winslow Township and Chesilhurst Borough and on the west by Berlin Borough and Berlin Township. The overall area of the Township is 36.11 square miles.

The Township is a sprawling mix of commercial, suburban and rural environments. There has been steady growth in the Township since the 1950's. The Township was granted relief from a seven-year sewer hookup moratorium in 1995. Much of the anticipated commercial growth will occur around the intersection of Routes 73 and 30, two major State thoroughfares. The intersection recently underwent a \$15 million reconstruction. The Township has completed construction of a \$2.6 million access road through 137 acres of under development commercially zoned property adjoining this intersection. This road will lead to a minimum of 600,000 square feet of new commercial development in the next few years. Route 30 serves as a major connection between Philadelphia and Atlantic City, while Route 73 is a main route between Northern Philadelphia County and all major New Jersey Shore points.

The Township is approximately 45 miles from Atlantic City and is close to Philadelphia as well. As a result, many residents of the Township are employed by the casinos. Moreover, the Township is home to a modern train station that is a key stop on the route to Atlantic City and Philadelphia. The train station's strategic location to both the Atlantic City Line as well as the commercial area described above puts the Township in a very favorable position to be a key stopover for people visiting the casinos.

### **Pinelands**

The legislative mandate to protect the Pinelands is set forth in the National Parks and Recreation Act of 1978 ("Pinelands Act") signed by President Carter. The Pinelands Act established the Pinelands National Reserve, encompassing parts of seven southern New Jersey counties and all or parts of 56 municipalities. This includes the Camden County municipalities of Waterford Township, Winslow Township, Berlin Township, Berlin Borough and Chesilhurst Borough. All of Waterford Township lies within the Pinelands area. Approximately 50% of the Township is in the preservation area and is overseen by the State as the Wharton State Forrest. The remainder of the Township is within the protection area.

The New Jersey Pinelands Commission, established in 1979 by the Pinelands Protection Act, adopted the Pinelands Comprehensive Management Plan in 1981. The Comprehensive Management Plan consists of recommendations and regulations for the protection, preservation, regulation and development of the Pinelands region.

### **Library**

The Township has its own library facility located on Atco Avenue. The library is free to Township residents and incorporates multiple programs for youth groups and adults, six computers for public use and houses over 24,500 books and periodicals. The South County Branch of the Camden County Library is located on Cooper Folly Road just over the Township border in Winslow Township.

### **Police, Emergency Medical and Fire Protection**

The Township's Police Department ("Department") offers residents 24 hour a day protection from the centrally located Township Municipal Building. The Department consists of a Police Chief, two Lieutenants, three Sergeants, one Investigator, and fifteen Patrol Officers. The Department has a very active community awareness program, funded by a Municipal Alliance Grant. Programs that have developed are Senior Awareness, National Night Out and Bicycle Helmet Safety.



The Waterford Township Emergency Medical Squad operates two ambulances, has 40 trained volunteers and supplies emergency medical services. The Township's financial support is used to purchase equipment, supplies and maintain training for the volunteers.

The Waterford Township Fire Department consists of more than 40 volunteers and 18 pieces of vehicular firefighting equipment operating out of one fire station. All fire personnel must meet vigorous training requirements before becoming a member of the Fire Department.

All of these services are supplemented through the use of mutual aid agreements with neighboring municipalities and State services.

**Public Works Department**

The Public Works Department is responsible for the maintenance and beautification of Township recreation areas and other public grounds, repair and upkeep of over 150 miles of Township roads and the continued maintenance of all Township owned vehicles. The Department consists of a Public Works Manager, two mechanics, one parks and recreation personnel, one clerical and six general workers. This Public Works Department is likely to grow over the next several years as their existing responsibilities increase due to substantial growth in residential neighborhoods and recreational and commercial areas.

**Recreation Areas**

The Township owns and maintains four recreational areas conveniently located throughout the municipality. Currently, these facilities cover more than 37 acres in total. Available year round to residents, these facilities offer playgrounds, basketball courts, tennis courts, ball fields, soccer fields, football fields and other various use open spaces. All of these facilities contain underground sprinkler systems and lighting for use during night time hours.

The Township offers a variety of youth recreational programs through the WTAA and Atco Lions Football organizations. Programs include in house and travel soccer, basketball, in house and travel baseball and softball programs.

The Township also has an active Senior Citizens group that holds daily programs and trips.

**Water and Sewer Department**

As of January 1, 2004, the Township operates a water and sewer utility. The Township dissolved the Waterford Township Municipal Utilities Authority (“MUA”) pursuant to an Ordinance enacted by the Township and approved by the State of New Jersey effective December 31, 2003. As a result of the dissolution of the MUA, the Township has assumed the functions, assets and liabilities of the MUA, including all of the outstanding debt. See Appendix "B" herein.

**Township Employees**

	<b>December 31,</b>				
	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>
Full-time	45	43	43	47	45
Part-time	<u>17</u>	<u>10</u>	<u>17</u>	<u>14</u>	<u>15</u>
Total	<u><b>62</b></u>	<u><b>53</b></u>	<u><b>60</b></u>	<u><b>61</b></u>	<u><b>60</b></u>

## Employee Collective Bargaining Units

Twelve Police Officers are represented by the Policemen's Benevolent Association Local 362. The current contract expired December 31, 2015.

The United Food and Commercial Workers International Union Local 1360 represents 26 clerical, police dispatchers and public works personnel. The current contract expired December 31, 2014 and is currently still in negotiations.

Managerial employees of the Township are not represented by a collective bargaining unit.

## Compensated Absences

Full-time employees with at least one year of service are entitled to varying days of vacation and sick leave. Unused sick leave is paid to the employee from a budget appropriation at year-end or in January of the following year. For additional information on compensated absences, see Appendix B: Audited Financial Statements of the Township, Note 10 to Financial Statements.

## Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of two pension systems established by Acts of the State Legislature. Currently, Township employees are either enrolled in the Police and Firemen's Retirement System or the Public Employees' Retirement System. Benefit contributions, means of funding and the manner of administration are determined by the State of New Jersey. For additional information on pension plans, see Appendix B: Audited Financial Statements of the Township, Note 8 to Financial Statements.

## Population (1)

2010 Federal Census	10,649
2000 Federal Census	10,494
1990 Federal Census	10,940
1980 Federal Census	8,126
1970 Federal Census	4,073

## Selected Census 2013 Data for the Township(1)

Median household income	\$72,038
Median family income	\$85,000
Per capita income	\$30,132

## Labor Force(2)

The following table discloses current labor force data for the Township, County and State.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Township</b>					
Labor Force	(3)	5,716	5,780	5,841	6,018
Employment	(3)	5,221	5,186	5,144	5,388
Unemployment	(3)	495	594	697	630
Unemployment Rate	(3)	8.7%	10.3%	11.9%	10.5%

(1) Source: U.S. Department of Commerce, Bureau of Census

(2) Source: New Jersey Department of Labor

(3) Not Available

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>County</b>					
Labor Force	256,492	255,560	258,678	262,479	262,810
Employment	239,733	236,391	234,822	234,609	234,420
Unemployment	16,775	19,169	23,856	27,870	28,390
Unemployment Rate	6.5%	7.5%	9.2%	10.6%	10.8%
<b>State</b>					
Labor Force	4,543,817	4,518,700	4,534,400	4,588,100	4,565,700
Employment	4,277,317	4,218,400	4,164,400	4,162,100	4,140,500
Unemployment	266,525	300,300	370,000	426,000	425,300
Unemployment Rate	5.9%	6.6%	8.2%	9.3%	9.3%

## Housing

The Township is a New Jersey Pinelands Community of 36.11 square miles with most of the population concentrated in the regional growth area. Residential construction reached its peak between 1995 and 1999. Two major housing developments were completed, one with a total of 253 homes and the other with 89. Because, roughly 55% of the land within the Township is owned by the State of New Jersey, preserved as part of the Wharton State Forest, there is little vacant land left for residential development and population growth is expected to slow considerably. With 3,592 residential units and four apartment complexes, Waterford's population is still under 12,000 residents.

## Business and Industry

A diversified economic structure within the Township strengthens the growing community. Businesses include three banks, a supermarket, one of the largest caterers in Southern New Jersey, various restaurants, an interior design firm and a large salvage business. Yet even with these larger prospering businesses, the smaller shops and public service businesses are the backbone of the economic skeleton of the Township.

The Township is home to Atco Raceway, which annually attracts more than 300,000 auto racing enthusiasts from around the country, and has been a mainstay in the community for several decades. The raceway is home to many national drag racing competitions that attract national television audiences. These racing fans provide an extended customer base that other rural communities do not have.

The Township is also the home of Archway Programs, a non-profit special education teaching facility supported by the State of New Jersey and private donations from supporters who understand the special services this facility provides. The Archway School is located on the Mullica River in the northern edge of the Township. Archway recently sold some of its land, returning such land to the tax rolls.

With most of the remaining vacant land zoned for commercial use, Township officials are taking a proactive approach to attract new, and assist expanding businesses. An ordinance was recently enacted implementing a tax incentive program for areas deemed in need of rehabilitation or redevelopment. One site, roughly 9 acres on Jackson Road, is eligible under this program. Another site, with roughly 136 acres, bordered by U.S. Route 30, Route 73 and the Atco Railway station, will soon be eligible. To further promote this area, the Township was successful in obtaining 2.6 million dollars from various grants to build an access road, named the C. William Haines Boulevard. The Township also obtained State highway access permits for a minimum of 600,000 square feet of retail commercial space for this area. This was done to assist potential developers by eliminating one part of the permitting process.

## TEN LARGEST EMPLOYERS

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Waterford Board of Education	Public School Facility	210
Archway Programs	Special Education Facility for Children	198
Township of Waterford	Municipality	67
Universal Forest Products	Manufacture Trusses	65
Atco Raceway	Car Racing Facility	28
Murphy's Market	Supermarket	20+
Rite Aid	Pharmacy	20+
TD Bank	Financial Institution	20+
Racks Pub and Grill	Restaurant	20+
Susquehanna Bank	Financial Institution	13

### Building, Zoning and Development Codes

The Township has established development regulations governing the size of lots for various types of construction and proposed uses. The Township building codes conform to standards of the New Jersey Uniform Construction Code. These codes and other Municipal Ordinances are codified as a basis for improved administration and regulation.

The Township adopted a new Land Use, Development and Zoning Ordinance in 1997. This ordinance provides an avenue for businesses to work with the Township's Department of Planning and Zoning Administration, which provides technical assistance to the applicant's professionals in order to facilitate the State and Municipal regulatory approval process.

Following the Planning Board's re-examination of the Township Master Plan in 1998, the Zoning Map and Master Plan were amended in 1999. These amendments combined a commercial and industrial district into one, encompassing a myriad of permitted uses. The Planning Board is also working with its professional planner to develop a Redevelopment Plan for the Haines Boulevard section. This plan will include an outline for the planning, development, redevelopment, or rehabilitation of the project area in sufficient detail to indicate its relationship to definite local objectives. A contract for re-exam of the Township's Master Plan has been issued.

### Building Permits Issued(1)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2016(2)	114	\$23,772
2015	590	3,688,780
2014	521	2,882,950
2013	486	3,036,979
2012	436	3,239,307
2011	418	3,990,985

(1) Source: Township's Construction office

(2) As of March 15, 2016

## Primary and Secondary Education

The public school system in the Township is operated by the Waterford Township Board of Education ("Board of Education") as a Type II school district. It functions independently through a nine member board, elected by the voters in alternate three year terms.

The Board of Education prepares annually an operating and maintenance, capital outlay and debt service budget. The amounts to be raised by taxation for operating and maintenance expenses and capital outlay projects are submitted to the voters for approval. If the amounts are disapproved, the Township Committee fixes an amount and certifies same to the Board of Education and to the County Board of Taxation. If the Board of Education determines that the amount certified by the Township is insufficient to operate a thorough and efficient school system, the Board of Education may appeal to the State Commission of Education to restore the local funds eliminated.

### TOWNSHIP OF WATERFORD SCHOOL DISTRICT SCHOOL ENROLLMENTS (1)

<u>Grade</u>	<u>2015</u>	<u>2014</u>	<u>As of October 15,</u>		
			<u>2013</u>	<u>2012</u>	<u>2011</u>
Pre-K	31	29	28	29	27
K	108	106	95	113	105
1	101	88	115	107	102
2	83	103	103	102	97
3	102	104	102	97	133
4	105	103	95	141	109
5	95	95	138	107	108
6	94	130	102	111	86
Spec. Ed. (2)	<u>138</u>	<u>123</u>	<u>124</u>	<u>107</u>	<u>111</u>
Totals	<u>857</u>	<u>881</u>	<u>902</u>	<u>914</u>	<u>878</u>

### PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY (1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Date of Renovation</u>	<u>Grades</u>	<u>Enrollment 10/15/15</u>	<u>Capacity</u>
Atco Elementary	1962	1973	K-1	220	236
Thomas Richards	1979	---	2-3	245	294
Waterford	1987	---	4-6	<u>328</u>	<u>465</u>
Totals				<u>793</u>	<u>995</u>

(1) Source: School District officials

(2) Includes students sent to private schools for disabilities

## HIGH SCHOOL STUDENTS (1) (2)

Grade	<u>As of October 15,</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Special Education	139	149	165	166	165
Vocational	2	2	2	2	1
7	123	101	108	84	117
8	108	109	86	114	113
9	106	86	115	108	100
10	87	112	107	95	127
11	108	109	100	127	118
12	<u>106</u>	<u>93</u>	<u>122</u>	<u>114</u>	<u>103</u>
Total	<u>779</u>	<u>761</u>	<u>805</u>	<u>810</u>	<u>844</u>

## HIGHER EDUCATION FACILITIES

### Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), is a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. As of the Fall 2015, there were approximately 4,899 undergraduate students and 1,509 graduate/professional students for a total of 6,408.

The New Jersey State Legislature is considering legislation to further reorganize all or portions of the New Jersey State University System, which may include Rowan University, Rowan Medical School and Rutgers University. Such legislation is in a formative stage and no assurances can be made as to when, or if, such legislation would be approved or what effect such legislation would have on the above referenced Universities.

### Camden County College

Fully accredited by the Middle States Association of Colleges and Secondary Schools, Camden County College ("College") is a comprehensive publicly supported, co-educational two-year institution developed under the State Department of Higher Education. It is funded in part by the County Board of Chosen Freeholders who appoint an eleven (11) member Board of Trustees. The College has three distinct campuses in Blackwood, Camden and Cherry Hill – along with its satellite locations in Lakeland, Sicklerville and elsewhere throughout the County.

As of the Fall of 2015, full time enrollment was 5,646 and part-time enrollment was 5,617 for a total of 11,263.

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(1) Source: School District officials  
(2) Waterford Township students only

## Camden County Technical Schools

From a vocational school that opened with 400 students in 12 trade areas in 1928, Camden County Technical Schools ("CCTS") has grown to be one of the largest and most comprehensive technical schools in the nation. The district today encompasses a full range of day and evening programs at campuses in Pennsauken and Gloucester Township. Beginning in 2012, the adult programs were operated by Camden County College as part of the Camden County shared services agreement.

For high school students, there are 37 career programs from which to choose. For the 2014-2015 school year, 1,431 students are enrolled at the Gloucester Township Campus, and 772 at the Pennsauken Campus, including 637 Special Education Students. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through our 21st Century program, students are able to earn college-transferable credits while still in high school. After graduation, students may enter the workforce or continue their education at the post-secondary level.

In addition to the facilities mentioned above, Stockton University, University of Pennsylvania, Temple University, LaSalle University, Villanova University, St. Joseph's University, Drexel University and Rowan University are all within a commuting distance from the Township.

### CERTAIN TAX INFORMATION

#### TEN LARGEST TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2016 Assessed Valuation</u>
Broadway Sq. Realty LLC	Retail Stores-Murphy Plaza	\$3,298,600
National Amusement	Vacant Land	2,948,500
Atco Equities % Rite Aid Corp.	Drug Store	2,090,500
Meisenzahl Partners	Office Space	2,067,500
Pliner Leon, Inc.	Housing-Parkview Care	1,992,600
Atco Raceway, Inc.	Raceway	1,949,400
Susquehanna Bank	Bank	1,355,500
UFP Eastern Div % UFP Berlin, LLC	Manufacturing	1,304,200
Vision Properties.	Retail Stores-Waterford Plaza	1,172,400
Campbell Foundry Co.	Office/Warehouse	1,170,200

#### CURRENT TAX COLLECTIONS (1)

<u>Year</u>	<u>Total Levy</u>	<u>Current Collection</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2015	\$26,842,888	\$26,112,544	97.28%	\$627,009	2.34%
2014	26,272,016	25,523,027	97.15	641,458	2.44
2013	25,958,506	25,185,873	97.02	622,186	2.40
2012	25,572,870	24,848,670	97.17	645,671	2.52
2011	24,571,820	23,836,292	97.01	643,893	2.62

(1) Source: Annual Reports of Audit

**DELINQUENT TAXES (1)**

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected Amount</u>	<u>Percent</u>	<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
2015	\$682,709	\$2,000	\$632,546	92.38%	\$12,373	\$2,357	\$37,433
2014	643,528	3,000	601,062	92.97	3,747	468	41,251
2013	652,123	2,500	603,093	92.13	572	29,616	21,342
2012	648,302	4,016	638,119	97.82	7,731	15	6,453
2011	593,438	2,288	579,013	97.19	12,194	110	4,409

**TAX TITLE LIENS (1)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales &amp; Transfers</u>	<u>Collected</u>	<u>Other Credits</u>	<u>Balance Dec. 31</u>
2015	\$580,034	\$75,753	\$6,070	---	\$649,717
2014	537,268	50,461	7,695	---	580,034
2013	517,647	43,892	24,271	---	537,268
2012	461,833	59,455	3,131	\$510	517,647
2011	407,974	55,452	1,593	---	461,833

**FORECLOSED PROPERTY (1)(2)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added By Transfer</u>	<u>Adjustment to Assessed Valuation</u>	<u>Gain/Loss on Sale</u>	<u>Adjustments</u>	<u>Balance Dec. 31</u>
2015	\$142,300	---	---	---	---	\$142,300
2014	142,300	---	---	---	---	142,300
2013	142,300	---	---	---	---	142,300
2012	142,300	---	---	---	---	142,300
2011	142,300	---	---	---	---	142,300

**WATER AND SEWER UTILITY (1)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Levy</u>	<u>Collected</u>	<u>Other Credits</u>	<u>Balance Dec. 31</u>
2015	\$47,291	\$1,120,760	\$1,114,003	\$3,900	\$50,148
2014	49,160	1,115,588	1,113,842	3,615	47,291
2013	42,272	1,098,816	1,090,467	1,461	49,160
2012	34,827	1,046,692	1,038,633	614	42,272
2011	33,220	949,666	946,383	1,676	34,827

(1) Source: Annual Reports of Audit

(2) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services.



**NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)  
Tax Rate (2)**

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total</u>	<u>Municipal</u>	<u>County</u>	<u>Local School</u>
2016	\$704,927,000	\$3.881	\$1.052	\$0.882	\$1.947
2015(3)	709,957,795	3.779	0.997	0.861	1.921
2014	474,407,515	5.523	1.432	1.302	2.789
2013	472,722,775	5.453	1.413	1.353	2.687
2012	470,608,051	5.406	1.393	1.341	2.672

**RATIO OF ASSESSED VALUATION TO TRUE VALUE  
AND TRUE VALUE PER CAPITA (4)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita (5)</u>
2016	\$704,926,800	94.25%	\$747,932,944	\$70,235
2015(3)	708,272,800	93.83	754,846,851	70,884
2014	473,404,200	62.04	763,062,863	71,656
2013	471,496,700	61.50	766,661,301	71,994
2012	469,496,100	54.02	869,115,328	81,615

**REAL PROPERTY CLASSIFICATION (6)**

<u>Year</u>	<u>Assessed Value Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Farm</u>
2016	\$704,926,800	\$15,380,400	\$619,688,900	\$48,594,700	\$1,739,900	\$2,443,800	\$17,079,100
2015(3)	708,272,800	15,463,300	617,512,800	49,139,200	1,739,900	2,143,800	22,273,800
2014	473,404,200	10,532,600	415,318,600	29,326,400	1,146,000	2,394,900	14,685,700
2013	471,496,700	11,399,800	411,292,100	30,623,600	1,200,000	2,394,900	14,586,300
2012	469,496,100	12,435,200	408,983,600	30,640,300	1,225,400	2,394,900	13,816,700

(1) Source: Camden County Board of Taxation

(2) Per \$100 of assessed valuation

(3) Revaluation

(4) Source: State of New Jersey, Department of Treasury, Division of Taxation

(5) Based upon 2010 Federal Census of 10,649

(6) Source: Township Assessor

**TOWNSHIP OF WATERFORD  
STATEMENT OF INDEBTEDNESS  
AS OF DECEMBER 31, 2015**

The following table summarizes the direct debt of the Township as of December 31, 2015 in accordance with the requirements of the Local Bond Law. The gross debt comprises long-term debt issued in the form of bonds and loans, short-term debt, including General, Water and Sewer Utility and debt of the School District. Deductions from gross debt to arrive at net debt include school district debt, reserve for payment of debt and debt considered to be self-liquidating. The resulting net debt of \$7,480,256 represents 0.982% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by *N.J.S.A. 40A:2-6*.

	Debt Issued		Debt Auth. But Not Issued	Gross Debt	Deductions			Net Debt
	Bonds	Loans			School Debt	Self-liquidating Debt	Reserve for Payment of Debt	
General	\$ 7,149,000	\$ 343,918		\$ 7,492,918			\$ 12,663	\$ 7,480,256
Water and Sewer Utility	2,437,000	1,159,646	\$ 2,479,000	6,075,646		\$ 6,075,646		
School - Local	140,000		2,750,000	2,890,000	\$ 2,890,000			
	<u>\$ 9,726,000</u>	<u>\$ 1,503,564</u>	<u>\$ 5,229,000</u>	<u>\$ 16,458,564</u>	<u>\$ 2,890,000</u>	<u>\$ 6,075,646</u>	<u>\$ 12,663</u>	<u>\$ 7,480,256</u>

Source: Township Auditor

### DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2013, 2014 and 2015	\$761,523,672
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2013, 2014 and 2015	0.98%
2016 Net Valuation Taxable	\$704,927,000
2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$747,933,144
Gross Debt (2):	
As a percentage of 2016 Net Valuation Taxable	2.33%
As a percentage of 2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.20%
Net Debt (2):	
As a percentage of 2016 Net Valuation Taxable	1.06%
As a percentage of 2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.00%
Gross Debt Per Capita (3)	\$1,546
Net Debt Per Capita (3)	\$702

### TOWNSHIP BORROWING CAPACITY(1)

3.5% of Averaged (2013-15) Equalized Valuation of Real Property including Improvements (\$761,523,672)	\$26,653,329
Net Debt	<u>7,480,256</u>
Remaining Borrowing Capacity	<u><u>\$19,173,073</u></u>

### LOCAL BOARD OF EDUCATION BORROWING CAPACITY(1)

2.5% of Averaged (2013-15) Equalized Valuation of Real Property including Improvements (\$761,523,672)	\$19,038,092
Local School Debt	<u>2,890,000</u>
Remaining Borrowing Capacity	<u><u>\$16,148,092</u></u>

(1) As of December 31, 2015

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 10,649

**TOWNSHIP OF WATERFORD**  
**OVERLAPPING DEBT AS OF DECEMBER 31, 2015**

<b>DEBT ISSUED</b>					
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden(1):					
General:					
Bonds	\$ 35,695,000	\$ 12,761,633 (2)	\$ 22,933,367	\$ 460,961 (4)	\$ 204,000
Loan Agreements	269,003,014		269,003,014	5,406,961 (4)	
Bonds Issued by Other Public Bodies Guaranteed by the County	471,754,632	471,754,632 (3)			
	<u>\$ 776,452,646</u>	<u>\$ 484,516,265</u>	<u>\$ 291,936,381</u>	<u>\$ 5,867,921</u>	<u>\$ 204,000</u>

(1) Source: County of Camden

(2) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.

(3) Deductible in accordance with N.J.S. 40:37A-80.

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2015 Net Valuation on which County taxes are apportioned, which is 2.01%.

## **Camden County Municipal Utilities Authority**

The CCMUA is a public body politic and corporate of the State and was originally created as the Camden County Sewerage Authority ("Sewerage Authority") by a resolution of the County Board of Chosen Freeholders ("County Board") adopted December 5, 1967. The Sewerage Authority was reorganized in 1972 as a utilities authority and changed its name to the CCMUA pursuant to a resolution of the County Board adopted April 13, 1972. The CCMUA operates under the supervision of nine (9) commissioners who are appointed by the County Board for five (5) year staggered terms. The County has entered into a Deficiency Agreement with the CCMUA ("Deficiency Agreement") whereby the County is obligated to pay to the CCMUA any annual charges equal to any deficits in CCMUA revenues necessary to pay or provide for (i) operation and maintenance expenses of the CCMUA's regional sewer system, (ii) principal and interest payments on bonds and notes of the CCMUA in an aggregate principal amount not to exceed \$685,500,000 and (iii) the maintenance of reserves required under the Bond Resolution securing the CCMUA's bonds and notes. The obligation of the County, pursuant to the provisions of the Deficiency Agreement, is a direct and general obligation of the County, and any annual charges are ultimately payable by the County to meet its obligations under the Deficiency Agreement. To date, no payments have been required to be made by the County pursuant to the Deficiency Agreement. The County and the CCMUA may agree to amend the Deficiency Agreement at any time to increase the obligation of the County thereunder.

The CCMUA owns and operates a sewerage collection and treatment system, which serves all County residents connected to local sewer collection systems. The CCMUA's system does not include the local sewage collection system of any CCMUA participant, but it owns and operates interceptor sewer lines connecting the local systems to the CCMUA's sewage treatment facilities.

The CCMUA is required to charge and collect service charges for the use of its facilities such that revenues of the CCMUA will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to maintain reserves and sinking funds therefore as may be required by the terms of any agreements with the holders thereof.

The gross debt as of December 31, 2015 for the CCMUA was \$257,479,821. The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

## **Camden County Improvement Authority**

The Camden County Improvement Authority ("CCIA") is a public body corporate and politic of the State and was created by a resolution of the County Board. The CCIA operates under the supervision of a five (5) member Board who are appointed for five (5) year staggered terms by the County Board. The CCIA has from time to time issued its revenue bonds for projects involving the County and for which the County has a repayment obligation or guaranty. The CCIA also issues conduit debt from time to time which is not included in the overlapping debt as there is no obligation by the taxpayers to repay the associated debt service.

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2015 was \$392,763,997.

**TOWNSHIP OF WATERFORD  
SCHEDULE OF TOWNSHIP DEBT SERVICE  
(LONG-TERM DEBT ONLY)**

Year	Existing Debt (1)											
	General Bonds			Green Acres Loan			Sewer Bonds			Water Loans		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 719,000	\$ 212,057	\$ 931,057	\$ 39,524	\$ 5,682	\$ 45,205	\$ 216,000	\$ 78,938	\$ 294,938	\$ 189,320	\$ 41,306	\$ 230,626
2017	730,000	181,881	911,881	40,318	4,887	45,205	220,000	66,944	286,944	194,627	37,772	232,400
2018	735,000	159,981	894,981	41,128	4,077	45,205	225,000	58,466	283,466	201,790	31,937	233,727
2019	755,000	137,381	892,381	41,955	3,250	45,205	235,000	49,381	284,381	208,868	25,118	233,986
2020	780,000	112,706	892,706	42,798	2,407	45,205	160,000	43,300	203,300	191,436	17,913	209,350
2021	790,000	90,256	880,256	43,659	1,547	45,205	175,000	38,825	213,825	140,435	10,505	150,941
2022	815,000	67,556	882,556	44,536	669	45,205	200,000	34,200	234,200	33,170	2,949	36,118
2023	365,000	44,028	409,028				200,000	28,638	228,638			
2024	365,000	36,044	401,044				206,000	22,850	228,850			
2025	365,000	26,919	391,919				100,000	16,375	116,375			
2026	365,000	16,425	381,425				100,000	13,500	113,500			
2027	365,000	5,475	370,475				100,000	10,500	110,500			
2028							100,000	7,500	107,500			
2029							100,000	4,500	104,500			
2030							100,000	1,500	101,500			
	<u>\$ 7,149,000</u>	<u>\$ 1,090,709</u>	<u>\$ 8,239,709</u>	<u>\$ 293,918</u>	<u>\$ 22,519</u>	<u>\$ 316,437</u>	<u>\$ 2,437,000</u>	<u>\$ 475,416</u>	<u>\$ 2,912,416</u>	<u>\$ 1,159,646</u>	<u>\$ 167,501</u>	<u>\$ 1,327,148</u>

(1) As of December 31, 2015 excluding a \$50,000 contingent E.D.A. Loan.

Source: Township Auditor

**TOWNSHIP OF WATERFORD**  
2016 MUNICIPAL BUDGET (1)

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**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$ 690,000
Miscellaneous Revenues:	
Local Revenues	550,000
Dedicated Uniform Construction Code Fees	110,000
State Aid without Offsetting Appropriations	1,304,676
Public and Private Revenues Offset with Appropriations	87,821
Other Special Items of Revenue	150,000
Receipts from Delinquent Taxes	575,000
Amount to be Raised by Taxation for Library Purposes	252,177
Amount to be Raised by Taxation for Municipal Purposes	<u>7,163,429</u>
 Total Appropriated Revenues	 <u><u>\$ 10,883,104</u></u>

Appropriations:	
Within CAPS:	
Operations	\$ 7,502,296
Deferred Charges and Statutory Expenditures	884,990
Excluded from CAPS:	
Other Operations	270,177
Shared Service Agreements	28,887
Public and Private Programs offset by Revenues	191,321
Capital Improvements	35,000
Debt Service	981,291
Deferred Charges	121,140
Reserve for Uncollected Taxes	<u>868,002</u>
 Total Appropriations	 <u><u>\$ 10,883,104</u></u>

**WATER AND SEWER UTILITY FUND**

Anticipated Revenues:	
Fund Balance	\$ 224,500
Rents	1,050,000
Connection Fees	15,000
Miscellaneous	<u>15,000</u>
 Total Anticipated Revenues	 <u><u>\$ 1,304,500</u></u>

Appropriations:	
Operating	\$ 725,531
Capital Improvements	7,000
Debt Service	543,580
Pension, Social Security, Unemployment Contributions	<u>28,389</u>
 Total Appropriations	 <u><u>\$ 1,304,500</u></u>

**TOWNSHIP OF WATERFORD**  
**CAPITAL PROGRAM**  
**PROJECTS SCHEDULED FOR THE YEARS 2016 - 2021 (1)**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants - In Aid</u>	<u>Bonds and Notes</u>	
				<u>General</u>	<u>Self- Liquidating</u>
<b>GENERAL BUDGET:</b>					
Purchase of Public Works Vehicles and Equipment	\$270,000	\$13,500		\$256,500	
Purchase of Police Vehicles and Equipment	275,000	13,750		261,250	
Purchase of Office Equipment	10,000	500		9,500	
Purchase of Fire Equipment	60,000	3,000		57,000	
Improvements to Municipal Facilities	75,000	3,750		71,250	
Various Road Improvements	1,750,000	87,500		1,662,500	
Acquisition of Real Property	150,000	7,250		142,750	
Construction of Public Safety Building	3,750,000			3,750,000	
<b>UTILITY BUDGET:</b>					
Utility System Improvements	350,000	17,500			\$332,500
Utility Equipment and Water Meters	115,000	5,750			109,250
	<u>\$6,805,000</u>	<u>\$152,500</u>	<u>-</u>	<u>\$6,210,750</u>	<u>\$441,750</u>

(1) As adopted on April 27, 2016



**APPENDIX B**

Excerpts from the Financial Statements of the  
Township of Waterford,  
In the County of Camden, New Jersey

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Committee  
Township of Waterford  
Atco, New Jersey 08004

### ***Report on the Financial Statements***

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Waterford, in the County of Camden, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

### *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

As described in note 1 to the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### *Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

In our opinion, because of the significance of the matter discussed in the "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Waterford, in the County of Camden, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended.

### *Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Waterford, in the County of Camden, State of New Jersey, as of December 31, 2015, 2014, 2013, 2012 and 2011, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

## **Emphasis of Matter**

### *Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the year ended December 31, 2015, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of these Statements only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Daniel M. DiGangi*

Daniel M. DiGangi  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
June 22, 2016

**TOWNSHIP OF WATERFORD**  
**CURRENT FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--  
Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>					
Cash	\$ 4,104,352	\$ 3,672,603	\$ 4,056,829	\$ 3,818,943	\$ 3,197,078
Due from State of New Jersey	6,005	5,219		6,549	5,921
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	664,442	682,709	643,528	652,123	648,302
Tax Title Liens Receivable	649,717	580,034	537,268	517,647	461,833
Property Acquired for Taxes--Assessed Valuation	142,300	142,300	142,300	142,300	142,300
Property Maintenance Assessments	81,199	80,338	80,338	80,338	79,822
Revenue Accounts Receivable	30,439	27,385	27,172	18,180	22,536
Interfunds Receivable	8,000	161,006	194,099	345	4,035
Other Receivables				22,114	
Deferred Charges	365,420	525,560	132,745	166,090	220,135
Federal and State Grant Funds Receivable	30,000	60,000	156,360	22,500	55,214
<b>Total Assets</b>	<b>\$ 6,081,873</b>	<b>\$ 5,937,154</b>	<b>\$ 5,970,639</b>	<b>\$ 5,447,131</b>	<b>\$ 4,837,176</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Appropriation Reserves	\$ 189,804	\$ 155,773	\$ 398,165	\$ 353,698	\$ 254,737
Accounts/Contracts Payable	35,720	61,042	152,517	17,353	195,000
Reserve for Encumbrances	86,164	99,732	80,437	44,229	75,332
Prepaid Taxes	195,717	175,817	191,638	152,265	148,961
Tax Overpayments			52,062	1	4
Due County for Added and Omitted Taxes	3,094	16,643	44,892	32,688	11,555
Local District School Taxes	2,618,383	2,094,303	2,150,878	2,087,463	1,840,123
Interfunds Payable	2,196				13,455
Due to State of New Jersey	2,895	953	3,350	2,497	1,461
Other Liabilities and Special Funds	78,130	149,600	93,207	79,754	37,160
Special Emergency Note Payable	320,000				
Reserve for Receivables and Other Assets	1,576,096	1,673,772	1,624,705	1,433,048	1,358,828
Reserve for Federal and State Grants	114,086	141,479	140,505	147,567	127,963
<b>Fund Balance</b>	<b>859,587</b>	<b>1,368,039</b>	<b>1,038,283</b>	<b>1,096,569</b>	<b>772,597</b>
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 6,081,873</b>	<b>\$ 5,937,154</b>	<b>\$ 5,970,639</b>	<b>\$ 5,447,131</b>	<b>\$ 4,837,176</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF WATERFORD  
CURRENT FUND**

Comparative Statement of Operations and Changes in Fund Balance--  
Regulatory Basis

	Years Ended December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenue Realized:					
Current Tax Collections	\$ 26,112,544	\$ 25,523,027	\$ 25,185,873	\$ 24,848,670	\$ 23,836,292
Delinquent Tax Collections	638,617	608,757	627,364	641,250	580,607
Total Taxes	<u>26,751,160</u>	<u>26,131,785</u>	<u>25,813,237</u>	<u>25,489,919</u>	<u>24,416,899</u>
Miscellaneous Revenues Anticipated	2,548,735	2,225,314	2,448,190	2,344,701	2,291,101
Non-Budget and Other Income	189,462	418,909	476,785	384,020	304,101
Fund Balance Utilized	<u>815,000</u>	<u>773,850</u>	<u>778,000</u>	<u>545,000</u>	<u>872,000</u>
Total Income	<u>30,304,357</u>	<u>29,549,857</u>	<u>29,516,212</u>	<u>28,763,641</u>	<u>27,884,101</u>
Expenditures and Encumbrances:					
Operating	8,199,841	8,056,928	7,829,071	7,381,461	7,712,548
Capital Improvements	50,000	150,000	75,000	10,000	20,000
Debt Service	715,369	728,307	707,476	692,549	684,273
Deferred Charges and Statutory Expenditures	957,176	837,258	862,492	874,821	985,749
County Taxes	6,111,615	6,187,156	6,435,023	6,334,677	6,054,663
Local District School Tax	13,956,861	12,908,701	12,701,851	12,575,018	12,080,292
Creation of Reserves		13,394	193,754	22,114	2,838
Other Expenditures	6,948	3,507	2,532	4,029	3,715
Total Expenditures and Encumbrances	<u>29,997,810</u>	<u>28,885,251</u>	<u>28,807,198</u>	<u>27,894,669</u>	<u>27,544,078</u>
Excess in Revenues	306,547	664,606	709,014	868,972	340,023
Adjustment in Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	---	439,000	10,700	---	205,000
Statutory Excess to Fund Balance	306,547	1,103,606	719,714	868,972	545,023
Fund Balance Beginning of Year	<u>1,368,039</u>	<u>1,038,283</u>	<u>1,096,569</u>	<u>772,597</u>	<u>1,099,574</u>
	1,674,587	2,141,889	1,816,283	1,641,569	1,644,597
Decreased by:					
Utilized as Revenue	<u>815,000</u>	<u>773,850</u>	<u>778,000</u>	<u>545,000</u>	<u>872,000</u>
Fund Balance Ending of Year	<u>\$ 859,587</u>	<u>\$ 1,368,039</u>	<u>\$ 1,038,283</u>	<u>\$ 1,096,569</u>	<u>\$ 772,597</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF WATERFORD  
TRUST FUND**  
Statements of Assets, Liabilities and Reserves--  
Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>					
Cash	\$ 643,916	\$ 452,021	\$ 381,101	\$ 328,609	\$ 325,816
Prepaid Payroll		128,643	116,651		
Interfunds Receivable	2,196				
Other Accounts Receivable		2,549	5,173	3,180	7
Federal and State Grants Receivable	105,210	84,289	46,608	107,868	81,898
<b>Total Assets</b>	<b>\$ 751,322</b>	<b>\$ 667,502</b>	<b>\$ 549,534</b>	<b>\$ 439,657</b>	<b>\$ 407,721</b>
<b>LIABILITIES AND RESERVES</b>					
Interfund Loans Payable	\$ 8,000	\$ 136,674	\$ 119,099	\$ 345	\$ 4,035
Reserve for Special Funds	743,322	530,828	430,434	439,312	403,686
<b>Total Liabilities and Reserves</b>	<b>\$ 751,322</b>	<b>\$ 667,502</b>	<b>\$ 549,534</b>	<b>\$ 439,657</b>	<b>\$ 407,721</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF WATERFORD**  
**GENERAL CAPITAL FUND**  
Statements of Assets, Liabilities, Reserves and Fund Balance--  
Regulatory Basis

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>					
Cash	\$ 949,379	\$ 453,080	\$ 1,149,481	\$ 261,173	\$ 136,211
Deferred Charges to Future Taxation:					
Funded	7,492,918	4,317,663	4,855,644	5,367,877	5,854,377
Unfunded		2,569,750	2,569,750	1,144,750	922,331
Federal and State Aid Receivable	181,817	263,742	133,013	280,000	50,000
<b>Total Assets</b>	<b>\$ 8,624,114</b>	<b>\$ 7,604,235</b>	<b>\$ 8,707,887</b>	<b>\$ 7,053,801</b>	<b>\$ 6,962,919</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
General Serial Bonds	\$ 7,149,000	\$ 3,935,000	\$ 4,435,000	\$ 4,910,000	\$ 5,360,000
Bond Anticipation Notes		2,569,750	2,569,750	921,500	
State of New Jersey Long Term Loans	343,918	382,663	420,644	457,877	494,377
Improvement Authorizations:					
Funded	791,908	36,356	32,747	207,519	195,556
Unfunded		296,454	471,419	389,063	228,410
Contracts Payable	217,488	285,059	631,768	48,409	402,344
Reserve for Encumbrances	101,000	49,536	38,576	13,701	74,751
Reserve for Payment of Debt	12,663		30,531	105,531	205,531
Interfunds Payable		30,531	75,000		
Capital Improvement Fund	2,450	13,200	200	200	1,950
<b>Fund Balance</b>	<b>5,687</b>	<b>5,687</b>	<b>2,253</b>		
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 8,624,114</b>	<b>\$ 7,604,235</b>	<b>\$ 8,707,887</b>	<b>\$ 7,053,801</b>	<b>\$ 6,962,919</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF WATERFORD**  
**WATER AND SEWER UTILITY FUND**  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--  
REGULATORY BASIS

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>					
Operating Fund:					
Cash	\$ 537,311	\$ 430,096	\$ 414,514	\$ 240,755	\$ 87,693
Other Receivables				181	
Interfund Receivables		6,199	11,000	11,000	13,455
	<u>537,311</u>	<u>436,295</u>	<u>425,514</u>	<u>251,936</u>	<u>101,148</u>
Receivables with Full Reserves:					
Consumer Accounts Receivable	50,148	47,291	49,160	50,677	43,232
Other Accounts Receivable	9,204	8,405	8,405		
Total Receivables with Full Reserves	<u>59,352</u>	<u>55,696</u>	<u>57,564</u>	<u>50,677</u>	<u>43,232</u>
Total Operating Fund	<u>596,662</u>	<u>491,991</u>	<u>483,079</u>	<u>302,613</u>	<u>144,380</u>
Capital Fund:					
Cash	690,722	234,649	277,662	431,502	460,819
Fixed Capital	12,286,776	12,201,776	11,892,888	11,892,889	11,892,889
Fixed Capital Authorized and Uncompleted	<u>3,979,000</u>	<u>3,564,000</u>	<u>643,887</u>	<u>583,887</u>	<u>583,887</u>
Total Capital Fund	<u>16,956,497</u>	<u>16,000,424</u>	<u>12,814,438</u>	<u>12,908,278</u>	<u>12,937,595</u>
	<u>\$ 17,553,160</u>	<u>\$ 16,492,415</u>	<u>\$ 13,297,516</u>	<u>\$ 13,210,891</u>	<u>\$ 13,081,975</u>



**TOWNSHIP OF WATERFORD**  
**WATER AND SEWER UTILITY FUND**  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--  
REGULATORY BASIS

	As of December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Operating Fund:					
Reserve for Encumbrances	\$ 20,247	\$ 8,963	\$ 19,277	\$ 6,060	\$ 16,604
Overpayments	961	735	752	904	2,560
Appropriation Reserves	63,120	64,447	17,339	48,409	10,382
Accrued Interest on Bonds and Notes	40,899	33,551	38,638	42,850	58,009
Other Reserves	10,225	14,849	15,452	13,548	13,548
Reserve for Receivables	59,352	55,696	57,564	50,677	43,232
Fund Balance	401,859	313,750	334,057	140,165	45
<b>Total Operating Fund</b>	<b>596,662</b>	<b>491,991</b>	<b>483,079</b>	<b>302,613</b>	<b>144,380</b>
Capital Fund:					
Serial Bonds	2,437,000	1,301,000	1,436,000	1,561,000	1,691,000
N.J. Environmental Infrastructure Loan	1,159,646	1,391,825	1,688,686	1,974,229	2,256,441
Improvement Authorizations:					
Funded	791,202	149,196	196,369	252,799	447,464
Unfunded	2,129,616	2,927,675	60,000		
Bond Anticipation Notes		60,000	60,000		
Contracts Payable	66,250			158,700	
Interfunds Payable			11,000	11,000	
Capital Improvement Fund		17,000	10,000	3,500	
Reserve for:					
Amortization	10,164,129	9,781,950	9,348,840	8,938,297	8,526,085
Encumbrances	182,446	369,570	85	5,391	2,242
Deferred Amortization	26,000	2,000	3,250	3,250	3,250
Payment of Debt	113	113	113	113	11,113
Fund Balance	95	95	95		
<b>Total Capital Fund</b>	<b>16,956,498</b>	<b>16,000,424</b>	<b>12,814,438</b>	<b>12,908,278</b>	<b>12,937,595</b>
	<b>\$ 17,553,160</b>	<b>\$ 16,492,415</b>	<b>\$ 13,297,516</b>	<b>\$ 13,210,891</b>	<b>\$ 13,081,975</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF WATERFORD**  
**WATER AND SEWER UTILITY FUND**  
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE--  
REGULATORY BASIS

	Years Ended December 31,				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenue Realized:					
Fund Balance Utilized	\$ 136,275	\$ 108,909	\$ 10,000		\$ 84,000
Rents	1,114,003	1,113,841	1,090,467	\$ 1,038,632	946,383
Miscellaneous Anticipated Revenues	68,331	30,702	133,190	151,065	48,172
Reserve for Payment of Bonds				11,000	
Anticipated Deficit -- Current Fund					13,455
Other Credits to Income	67,276	17,636	51,462	14,536	10,473
<b>Total Income</b>	<b>1,385,884</b>	<b>1,271,089</b>	<b>1,285,119</b>	<b>1,215,233</b>	<b>1,102,483</b>
Expenditures and Encumbrances:					
Operating	628,705	581,330	496,964	483,525	507,771
Capital Improvements	7,000	7,000			
Debt Service	485,991	526,198	528,403	533,213	533,435
Pension, Social Security and Unemployment Contributions	39,675	67,160	55,700	58,375	61,277
Refund on Prior Year Revenue	130	798	160		
<b>Total Expenditures and Encumbrances</b>	<b>1,161,500</b>	<b>1,182,487</b>	<b>1,081,227</b>	<b>1,075,113</b>	<b>1,102,483</b>
<b>Excess (Deficit) in Revenue</b>	<b>224,384</b>	<b>88,602</b>	<b>203,892</b>	<b>140,120</b>	<b>-</b>
Adjustment in Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	-	-	-	-	-
Statutory Excess to Fund Balance	224,384	88,602	203,892	140,120	-
Fund Balance January 1	313,750	334,057	140,165	45	84,045
	538,134	422,659	344,057	140,165	84,045
Decreased by:					
Utilized by Revenue:					
Water and Sewer Operating Fund	136,275	108,909	10,000		84,000
<b>Fund Balance December 31</b>	<b>\$ 401,859</b>	<b>\$ 313,750</b>	<b>\$ 334,057</b>	<b>\$ 140,165</b>	<b>\$ 45</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF WATERFORD**  
Notes to Financial Statements  
For the Year Ended December 31, 2015

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The Township of Waterford (hereafter referred to as the "Township") was incorporated as a Township in 1798 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2010 census is 10,649.

The form of Government is known as a Township pursuant to N.J.S.A. 40A:63-1 et seq. The government consists of five Committee Members who are elected at large to three year staggered terms. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Under statute, the Mayor is the head of the government and acts as the executive branch. The Committee acts as the legislative branch of government and has executive powers not assigned to the Mayor. The implementation of the policies of the governing body and the day-to-day operations are handled by the Administration.

**Component Units** - The financial statements of the component unit of the Township is not presented in accordance with Governmental Accounting Standards Board GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. If the provisions of GASBS No. 14, as amended by GASBS No. 39 and GASBS No. 61, had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Waterford Township Free Public Library  
2204 Atco Avenue  
Waterford, New Jersey 08004

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds which are described as follows:

**Current Fund** - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

**Trust Funds** - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

**Water/Sewer Utility Operating and Capital Funds** - The Water/Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Water/Sewer Utility.

**General Fixed Asset Group of Accounts** - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its current and water/sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash, Cash Equivalents and Investments (Cont'd)**

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Utility Fixed Assets** - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment and improvements and contributed capital.

**Foreclosed Property** - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

**Deferred Charges** - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Liens Sold for Other Governmental Units** - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

**Fund Balance** - Fund balances included in the current fund and water/sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Camden and the Township of Waterford School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Waterford School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2014 and decreased by the amount deferred at December 31, 2015.

**County Taxes** - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Camden. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Reserve for Uncollected Taxes** - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

**Appropriation Reserves** - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

**Long-Term Debt** - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences and Postemployment Benefits** - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

**Impact of Recently Issued Accounting Principles**

**Recently Issued and Adopted Accounting Pronouncements**

For the year ended December 31, 2015, the Township adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of these Statements only required financial statement disclosures. There exists no impact on the financial statements of the Township.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2015, the Township's bank balances of \$7,046,073.16 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 6,865,402.03
Uninsured and Uncollateralized	<u>180,671.13</u>
Total	<u>\$ 7,046,073.16</u>

**Note 3: PROPERTY TAXES**

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

**Comparative Schedule of Tax Rates**

	<u>Year Ended</u>				
	<u>2015(A)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>\$ 3.779</u>	<u>\$ 5.523</u>	<u>\$ 5.453</u>	<u>\$ 5.406</u>	<u>\$ 5.198</u>
Apportionment of Tax Rate:					
Municipal	\$ .961	\$ 1.379	\$ 1.356	\$ 1.332	\$ 1.292
Municipal Library	.036	.053	.057	.061	.063
County	.840	1.269	1.318	1.303	1.243
County Open Space Preservation					
Trust Fund	.021	.033	.035	.038	.039
Local School	1.921	2.789	2.687	2.672	2.561

(A) = A Revaluation was performed in 2015.



**Note 3: PROPERTY TAXES (CONT'D)**

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2015 (A)	\$ 709,957,795.00
2014	474,407,515.00
2013	472,722,775.00
2012	470,608,051.00
2011	471,810,609.00

(A) = A Revaluation was performed in 2015.

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2015	\$ 26,842,887.67	\$ 26,112,543.63	97.28%
2014	26,272,016.09	25,523,027.48	97.15%
2013	25,958,506.17	25,185,872.89	97.02%
2012	25,572,869.95	24,848,669.73	97.17%
2011	24,571,819.73	23,836,292.06	97.01%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$ 649,716.88	\$ 664,441.69	\$ 1,314,158.57	4.90%
2014	580,033.73	682,709.36	1,262,743.09	4.81%
2013	537,268.01	643,527.70	1,180,795.71	4.55%
2012	517,647.35	652,123.47	1,169,770.82	4.57%
2011	461,833.01	648,301.57	1,110,134.58	4.52%

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2015	116
2014	109
2013	104
2012	102
2011	48

**Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 142,300.00
2014	142,300.00
2013	142,300.00
2012	142,300.00
2011	142,300.00

**Note 5: WATER/SEWER UTILITY SERVICE CHARGES**

The following is a five-year comparison of water/sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2015	\$ 47,290.84	\$ 8,404.74	\$ 1,120,759.86	\$ 1,176,455.44	\$ 1,114,002.74
2014	49,159.67	8,404.74	1,115,588.07	1,173,152.48	1,113,841.47
2013	42,272.28	8,404.74	1,098,815.51	1,149,492.53	1,090,467.09
2012	34,827.07	8,404.74	1,046,691.73	1,089,923.54	1,038,632.26
2011	33,219.61	7,617.22	949,665.60	990,502.43	946,383.48

**Note 6: FUND BALANCES APPROPRIATED**

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Current Fund</u>			
<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2015	\$ 859,586.50	\$ 690,000.00	80.27%
2014	1,368,039.16	815,000.00	59.57%
2013	1,038,283.08	773,850.00	74.53%
2012	1,096,568.66	778,000.00	70.95%
2011	772,696.71	545,000.00	70.53%

**Note 6: FUND BALANCES APPROPRIATED (CONT'D)**

Schedule of the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets (cont'd):

**Water/Sewer Utility Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2015	\$ 401,858.81	\$ 224,500.00	55.87%
2014	313,749.85	136,275.00	43.43%
2013	334,056.75	108,909.00	32.60%
2012	140,165.26	10,000.00	7.13%
2011	45.27	---	---

**Note 7: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2015:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 8,000.00	\$ 2,196.20
Trust - Animal Control	2,196.20	
Trust - Other		8,000.00
	<u>\$ 10,196.20</u>	<u>\$ 10,196.20</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2016, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 8: PENSION PLANS**

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, certain Township employees may become eligible to participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
 Division of Pensions and Benefits  
 P.O. Box 295  
 Trenton, New Jersey 08625-0295  
<http://www.state.nj.us/treasury/pensions>

**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans****Plan Descriptions**

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Police and Firemen's Retirement System** - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Township. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

**Tier Definition**

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

**Police and Firemen's Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

**Tier Definition**

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2015 was 12.60% of the Township's covered-employee payroll, which includes employees of the Waterford Township Free Public Library, a component unit of the Township. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$167,749.00, and is payable by April 1, 2016. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2014, the Township's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$174,680.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$94,956.02.

**Police and Firemen's Retirement System** - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 8.5% to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

*Special Funding Situation Component* - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Police and Firemen's Retirement System (Cont'd)** - The Township's contractually required contribution rate for the year ended December 31, 2015 was 28.21% of the Township's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$449,428.00, and is payable by April 1, 2016. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2014, the Township's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$380,312.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$165,301.14.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2015 was 2.64% of the Township's covered-employee payroll.

Based on the most recent PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2015 is \$42,042.00, and is payable by April 1, 2016. Based on the PFRS measurement date of June 30, 2014, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2014 was \$27,850.00, which was paid on April 1, 2015.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2015, no Township employee was enrolled in the Defined Contribution Retirement Program.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees' Retirement System** - At December 31, 2015, the Township's proportionate share of the PERS net pension liability was \$4,380,004.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the Township's proportion was 0.0195117825%, which was a decrease of 0.0016773315% from its proportion measured as of June 30, 2014.

**Note 8: PENSION PLANS (CONT'D)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - At December 31, 2015, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$193,576.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2015, the Township's contributions to PERS were \$174,680.00, and were paid on April 1, 2015.

**Police and Firemen's Retirement System** - At December 31, 2015, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 9,209,443.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	807,637.00
	<u>\$ 10,017,080.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2015 measurement date, the Township's proportion was 0.0552903406%, which was an increase of 0.0057750019% from its proportion measured as of June 30, 2014. Likewise, at June 30, 2015, the State of New Jersey's proportion, on-behalf of the Township, was 0.0552903406%, which was an increase of 0.0057750019% from its proportion, on-behalf of the Township, measured as of June 30, 2014.

At December 31, 2015, the Township's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$831,558.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2015, the Township's contributions to PFRS were \$380,312.00, and were paid on April 1, 2015.

At December 31, 2015, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the plan as of the June 30, 2015 measurement date is \$100,741.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.



**Note 8: PENSION PLANS (CONT'D)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2015, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 104,492.00	-	\$ 104,492.00	-	\$ 79,434.00	\$ 79,434.00
Changes of Assumptions	470,377.00	\$ 1,700,292.00	2,170,669.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	\$ 70,422.00	160,282.00	230,704.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	-	633,463.00	633,463.00	432,065.00	450,969.00	883,034.00
Township Contributions Subsequent to the Measurement Date	83,875.00	224,714.00	308,589.00	-	-	-
	<u>\$ 658,744.00</u>	<u>\$ 2,558,469.00</u>	<u>\$ 3,217,213.00</u>	<u>\$ 502,487.00</u>	<u>\$ 690,685.00</u>	<u>\$ 1,193,172.00</u>

\$83,875.00 and \$224,714.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2016. These amounts were based on an estimated April 1, 2017 contractually required contribution, prorated from the pension plans measurement date of June 30, 2015 to the Township's year end of December 31, 2015.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53

Note 8: **PENSION PLANS (CONT'D)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<b><u>Year Ending Dec 31,</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2016	\$ (1,272.00)	\$ 308,440.00	\$ 307,168.00
2017	(1,272.00)	308,440.00	307,168.00
2018	(1,270.00)	308,439.00	307,169.00
2019	57,832.00	467,339.00	525,171.00
2020	18,364.00	250,412.00	268,776.00
	<u>\$ 72,382.00</u>	<u>\$ 1,643,070.00</u>	<u>\$ 1,715,452.00</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>PERS</u></b>	<b><u>PFRS</u></b>
Inflation	3.04%	3.04%
Salary Increases:		
2012-2021	2.15% - 4.40% Based on Age	2.60% - 9.48% Based on Age
Thereafter	3.15% - 5.40% Based on Age	3.60% - 10.48% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011	July 1, 2010 - June 30, 2013

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

**Note 8: PENSION PLANS (CONT'D)**

**Actuarial Assumptions (Cont'd)**

For PFRS, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

**Note 8: PENSION PLANS (CONT'D)**

**Actuarial Assumptions**

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2015 was 4.90% for PERS and 5.79% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and for PFRS, the non-employer contributing entity, will be made based on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033 for PERS and through 2045 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 for PERS and through 2045 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Public Employees' Retirement System (PERS)** - The following presents the Township's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 5,443,809.00	\$ 4,380,004.00	\$ 3,488,118.00

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2015, the plans measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 5.79%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>1% Decrease (4.79%)</b>	<b>Current Discount Rate (5.79%)</b>	<b>1% Increase (6.79%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 12,140,970.00	\$ 9,209,443.00	\$ 6,819,045.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	1,064,722.00	807,637.00	598,007.00
	<u>\$ 13,205,692.00</u>	<u>\$ 10,017,080.00</u>	<u>\$ 7,417,052.00</u>

**Note 8: PENSION PLANS (CONT'D)**

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**Supplementary Pension Information**

In accordance with GASB 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

***Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Three Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0195117825%	0.0211891140%	0.0224461293%
Township's Proportionate Share of the Net Pension Liability	\$ 4,380,004.00	\$ 3,967,182.00	\$ 4,289,901.00
Township's Covered-Employee Payroll	\$ 1,323,212.00	\$ 1,368,748.00	\$ 1,548,380.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	331.01%	289.84%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

***Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Three Years)***

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 167,749.00	\$ 174,680.00	\$ 169,127.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(167,749.00)</u>	<u>(174,680.00)</u>	<u>(169,127.00)</u>
Township's Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>
Township's Covered-Employee Payroll	\$ 1,330,866.00	\$ 1,467,675.00	\$ 1,443,356.00
Township's Contributions as a Percentage of it's Covered-Employee Payroll	12.60%	11.90%	11.72%

Note 8: **PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

***Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Three Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0552903406%	0.0495153387%	0.0545345581%
Township's Proportionate Share of the Net Pension Liability	\$ 9,209,443.00	\$ 6,228,570.00	\$ 7,249,877.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>807,637.00</u>	<u>670,712.00</u>	<u>675,777.00</u>
Total	<u>\$ 10,017,080.00</u>	<u>\$ 6,899,282.00</u>	<u>\$ 7,925,654.00</u>
Township's Covered-Employee Payroll	\$ 1,715,940.00	\$ 1,563,936.00	\$ 1,682,896.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	536.70%	398.26%	430.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

***Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS) (Last Three Years)***

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 449,428.00	\$ 380,312.00	\$ 397,872.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(449,428.00)</u>	<u>(380,312.00)</u>	<u>(397,872.00)</u>
Township's Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>
Township's Covered-Employee Payroll	\$ 1,593,421.00	\$ 1,674,608.00	\$ 1,618,999.00
Township's Contributions as a Percentage of it's Covered-Employee Payroll	28.21%	22.71%	24.58%

**Note 8: PENSION PLANS (CONT'D)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – New assumptions related to future increases on Social Security Wage Base and the 401(a)(17) compensation limit have been added as follows:

401(a)(17) Pay Limit – 3.00 per annum  
Social Security Wage Base – 4.00 per annum

***Police and Firemen's Retirement System (PFRS)***

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 6.32% as of June 30, 2014, to 5.79% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – Demographic assumptions with respect to no-vested withdrawal, disability, service retirement, active death, salary increases rates and inactive mortality were revised in accordance with the results of the July 1, 2010 – June 30, 2013 experience study and approved by the Board of Trustees of the PERS Pension Plan at its February 9, 2015 Board Meeting.

**Note 9: ON-BEHALF PAYMENTS FOR PENSION COSTS**

Certain Library employees are members of the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. The Library participates in PERS as part of the Township of Waterford. The Township does not require the Library to pay any portion of required employer contributions.

Payments made by the Township of Waterford, on-behalf of the Library, for the Library's share of employer contributions during the year ended December 31, 2015 totaled \$19,558.91. Due to the basis of accounting described in note 1, revenues and expenses for this on-behalf payment have not been recorded in the financial statements of the Library.

**Note 10: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN**

**Plan Description** - The Township contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.



**Note 10: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN (CONT'D)**

**Plan Description (Cont'd)** -The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2001, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 2001-140. The Township provides postemployment health care benefits, at its cost, to all Township retirees who at the date of retirement have not less than twenty-five years of service with the Township. Benefits provided include health insurance and prescription coverage for retirees and their dependents only during the retired employees' life.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/](http://www.state.nj.us/treasury/pensions/).

**Funding Policy** - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The Township's contributions to SHBP for the years ended December 31, 2015, 2014, and 2013, were \$522,211.42, \$489,231.98, and \$436,933.42, respectively, which equaled the required contributions each year. There were approximately 28 retired participants eligible at December 31, 2015.

In addition to the benefits described above, the Township provides post-employment dental and vision benefits to a previously retired police chief as required by his individual contract.

The Township funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During the year 2015, the cost of this benefit resulted in the payment of \$1,873.20 in related health care premiums.

**Note 11: COMPENSATED ABSENCES**

**Police Officers**

**Vacation Time** - All full-time police officers are entitled to vacation time varying from 120 working hours per year in the first year of employment to 360 working hours per year after completing 20 years of service plus 12 hours for each year over 20 years. Vacation time can be carried forward for a period of one year only.

**Sick time** - All police officers are entitled to 120 paid sick hours per year. Sick hours not taken may accrue and be carried forward. For officers hired prior to January 1, 2013 this amount may not exceed 720 hours. Officers hired after January 1, 2013 may carry forward up to 420 sick hours. Hours earned and not taken which exceed the maximum are paid currently.

**Compensatory time** - All police officers are entitled to accumulate compensatory time in lieu of overtime in an amount not to exceed 200 hours. Hours earned and not taken which exceed the maximum are paid currently.

**Note 11: COMPENSATED ABSENCES (CONT'D)**

**Other Personnel**

Vacation time - Full-time Township employees with at least one year of service are entitled to 11 to 31 vacation days per year depending on length of service. Unused vacation days not used during the year may be accumulated and carried forward for one year. Vacation days not used in the following year are not accumulated. Employees whose employment has terminated with the Township are entitled to be paid for unused vacation time from the current year and one-year prior.

Sick time - Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave is paid to the employee from a budget appropriation at year-end or in January of the following year.

Compensatory time - Employees have the option of taking compensatory time in lieu of cash payments for overtime. The employee may carry up to 40 hours of compensatory time to the following year. Compensatory time over 40 hours at December 31 are paid to the employee the following January.

Non-permanent or seasonal employees are not entitled to compensatory absences.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2015, accrued benefits for compensated absences are valued at \$807,803.26.

**Note 12: DEFERRED COMPENSATION SALARY ACCOUNT**

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

**Note 13: LEASE OBLIGATIONS**

At December 31, 2015, the Township had lease agreements in effect for the following:

- Capital:
  - Six (6) Dodge Chargers
  - One (1) Ford F250 Truck
- Operating:
  - Seven (7) Ricoh Copiers

Capital Leases – The following capital fixed assets were acquired by capital lease:

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2015</u>	<u>2014</u>
Vehicles	\$ 106,099.19	\$ 171,339.35

**Note 13: LEASE OBLIGATIONS (CONT'D)**

Future minimum lease payments under capital lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 66,908.67
2017	43,771.57
2018	1,075.43

Operating Leases – Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 7,682.94

Rental payments under operating leases for the year 2015 were \$15,365.88.

**Note 14: CAPITAL DEBT**

**General & Water/Sewer Improvement Bonds**

General Improvement Bonds, Series 2001 - On April 10, 2001, the Township issued \$3,200,000.00 of general improvement bonds, with an interest rate of 4.500%. The bonds were issued for the purpose of funding various capital projects in the Township. The final maturity of the bonds is March 15, 2016.

Water/Sewer Improvement Refunding Bonds, Series 2004 - On May 18, 2004, the Township issued \$1,765,000.00 in water/sewer improvement refunding bonds, with interest rates ranging from 2.000% to 4.750%, to advance refund \$1,790,000.00 outstanding 1993 Municipal Utility Authority Revenue Bonds with varying interest rates ranging from 4.600% to 5.125%. The final maturity of the bonds is May 1, 2019.

General Improvement Bonds, Series 2005 - On September 18, 2005, the Township issued \$2,480,000.00 of general improvement bonds, with interest rates ranging from 3.625% to 3.750%. The purpose of the bonds is to permanently fund various capital ordinances, specifically 1994-13, 1995-08, 2000-06, 2001-08, 2004-19, 2004-20, 2004-22 and 2005-12. The final maturity of the bonds is September 15, 2019.

General & Water/Sewer Improvement Bonds, Series 2010 - On June 10, 2010, the Township issued \$2,430,000.00 of general improvement bonds and \$636,000.00 of water/sewer improvement bonds, with interest rates ranging from 3.000% to 3.750%. The purpose of the bonds is to permanently fund various capital ordinances, specifically 2005-12, 2005-16, 2005-17, 2007-13, 2007-17, 2008-02, 2008-03, 2008-09 and 2009-14. The final maturity of the bonds is July 15, 2024.

General & Water/Sewer Improvement Bonds, Series 2015 - On September 16 2015, the Township issued \$3,724,000.00 in general improvement bonds and \$1,286,000.00 of water/sewer improvement bonds, with interest rates ranging from 2.000% to 3.000%. The purpose of the bonds is to permanently fund various capital ordinances, specifically 2005-112, 2005-16, 2005-17, 2007-13, 2007-17, 2008-02, 2008-03, 2008-09 and 2009-14. The final maturity of the bonds is September 15, 2030.

**Note 14: CAPITAL DEBT (CONT'D)**

**General & Water/Sewer Improvement Bonds (Cont'd)**

The following schedule represents the remaining debt service, through maturity, for the general & water/sewer improvement bonds:

<u>Year</u>	<u>General</u>		<u>Water/Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 719,000.00	\$ 212,057.04	\$ 216,000.00	\$ 78,937.51	\$ 1,225,994.55
2017	730,000.00	181,881.26	220,000.00	66,943.76	1,198,825.02
2018	735,000.00	159,981.26	225,000.00	58,465.63	1,178,446.89
2019	755,000.00	137,381.26	235,000.00	49,381.25	1,176,762.51
2020	780,000.00	112,706.26	160,000.00	43,300.00	1,096,006.26
2021-25	2,700,000.00	264,803.15	881,000.00	140,887.50	3,986,690.65
2026-30	730,000.00	21,900.00	500,000.00	37,500.00	1,289,400.00
	<u>\$ 7,149,000.00</u>	<u>\$ 1,090,710.23</u>	<u>\$ 2,437,000.00</u>	<u>\$ 475,415.65</u>	<u>\$ 11,152,125.88</u>

**Water/Sewer Debt - New Jersey Environmental Infrastructure Loans**

On October 22, 2001, the Waterford Township Municipal Utility Authority, which was subsequently dissolved by the Township as of January 1, 2004, entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,342,970.00, at no interest, from the fund loan, and \$1,440,000.00 at interest rates ranging from 4.0% to 5.0% from the trust loan. As a result of this dissolution, the Township assumed all liabilities of the Authority. The proceeds were used to fund the various capital projects in the Authority. Semi-annual debt payments are due February 1st and August 1st through 2021. In addition, on November 7, 2002, the Authority entered into a second loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,370,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund the various capital projects in the Township. Annual debt payments are due August 1st through 2022.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Year</u>	<u>Water/Sewer Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 189,319.92	\$ 41,306.46	\$ 230,626.38
2017	194,627.36	37,772.31	232,399.67
2018	201,790.31	31,937.05	233,727.36
2019	208,867.76	25,117.93	233,985.69
2020	191,436.43	17,913.49	209,349.92
2021-22	173,604.65	13,454.09	187,058.74
	<u>\$ 1,159,646.43</u>	<u>\$ 167,501.33</u>	<u>\$ 1,327,147.76</u>

**Note 14: CAPITAL DEBT (CONT'D)**

**General Debt - New Jersey Green Acres Loans**

On December 24, 2008, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$532,509.38, at an interest rate of 2.0%. The proceeds were used to fund the development of the Burnt Mill Road Recreational Complex. Semiannual debt payments are due March 24th and September 24th through 2022.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 39,523.56	\$ 5,681.73	\$ 45,205.29
2017	40,317.98	4,887.30	45,205.28
2018	41,128.38	4,076.92	45,205.30
2019	41,955.05	3,250.23	45,205.28
2020	42,798.35	2,406.93	45,205.28
2021-22	88,194.72	2,215.84	90,410.56
	<u>\$ 293,918.04</u>	<u>\$ 22,518.95</u>	<u>\$ 316,436.99</u>

**Note 14: CAPITAL DEBT (CONT'D)**

The following schedule represents the Township's summary of debt for the current and two previous years:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 7,492,918.04	\$ 6,887,412.82	\$ 7,425,394.18
Water/Sewer Utility:			
Bonds and Notes	3,596,646.43	2,752,825.44	3,184,685.83
Total Issued	<u>11,089,564.47</u>	<u>9,640,238.26</u>	<u>10,610,080.01</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds and Notes	-	-	-
Water/Sewer Utility:			
Bonds and Notes	2,479,000.00	3,229,000.00	-
Total Authorized but not Issued	<u>2,479,000.00</u>	<u>3,229,000.00</u>	<u>-</u>
Total Issued and Authorized but not Issued	<u>13,568,564.47</u>	<u>12,869,238.26</u>	<u>10,610,080.01</u>
<b><u>Deductions</u></b>			
Funds Temporarily Held to Pay Debt Self-Liquidating	12,662.50		30,530.75
	6,075,646.43	5,981,825.44	3,184,685.83
Total Deductions	<u>6,088,308.93</u>	<u>5,981,825.44</u>	<u>3,215,216.58</u>
<b>Net Debt</b>	<u>\$ 7,480,255.54</u>	<u>\$ 6,887,412.82</u>	<u>\$ 7,394,863.43</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .982%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 2,890,000.00	\$ 2,890,000.00	
Water/Sewer Utility	6,075,646.43	6,075,646.43	
General	7,492,918.04	12,662.50	\$ 7,480,255.54
	<u>\$ 16,458,564.47</u>	<u>\$ 8,978,308.93</u>	<u>\$ 7,480,255.54</u>

Net debt \$7,480,255.54 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$761,523,671.67, equals .982%.

**Note 14: CAPITAL DEBT (CONT'D)**

**Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)**

**Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 26,653,328.51
Less: Net Debt	<u>7,480,255.54</u>
Remaining Borrowing Power	<u><u>\$ 19,173,072.97</u></u>
Equalized Valuation Basis	<u>\$ 761,523,671.67</u>
Statutory Net Debt Percentage	<u><u>0.982%</u></u>

**Calculation of "Self-Liquidating Purpose,"  
Water/Sewer Utility Per N.J.S.A. 40:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 1,319,613.70
Deductions:	
Operating and Maintenance Costs	\$ 668,380.00
Debt Service	<u>485,990.70</u>
Total Deductions	<u>1,154,370.70</u>
Excess in Revenue	<u><u>\$ 165,243.00</u></u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

**Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charge is shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

<u>Description</u>	<u>Balance December 31, 2015</u>	<u>2016 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorizations	\$ 365,420.00	\$ 121,140.00

The appropriations in the 2016 Budget as adopted are not less than that required by the statutes.

**Note 16: SCHOOL TAXES**

Waterford Township Local School Tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	<b><u>Balance December 31,</u></b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
Balance of Tax	\$ 6,818,383.19	\$ 6,614,303.21
Deferred	4,200,000.00	4,520,000.00
	\$ 2,618,383.19	\$ 2,094,303.21

**Note 17: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The Township maintains commercial insurance coverage for property, liability, vehicle, surety bonds, etc.

**Joint Insurance Pool** - The Township is a member of the Atlantic County Insurance Pool Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability  
 Liability other than Motor Vehicles  
 Property Damage other than Motor Vehicles  
 Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the Township with the following coverage:

Public Employee Dishonesty  
 Workers' Compensation  
 Employer's Liability  
 Public Officials Liability  
 Employment Practices Liability  
 Property - Blanket Building and Grounds  
 Boiler and Machinery  
 General and Automobile Liability  
 Crime and Excess Crime

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.



**Note 17: RISK MANAGEMENT (CONT'D)**

The Fund publishes its own financial report for the year ended December 31, 2015, which can be obtained from:

Atlantic County Municipal Joint Insurance Fund  
P.O. Box 488  
Marlton, New Jersey 08053

**Note 18: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Township expects such amount, if any, to be immaterial.

**Litigation** - The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 19: CONCENTRATIONS**

The Township depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Township is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

**Note 20: SUBSEQUENT EVENTS**

**Tax Appeals** - As of December 31, 2015, several tax appeals were on file against the Township. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the Township, the estimated impact of the tax refunds would not be material.

**Note 20: SUBSEQUENT EVENTS (CONT'D)**

**Authorization of Debt** - Subsequent to December 31, the Township authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Date Adopted</u>	<u>Authorization</u>
Bonds & Notes:		
General Capital:		
Acquisition of Real Property	02/24/16	\$ 142,500.00
Construction of Public Safety Building	04/27/16	3,750,000.00
Acquisition of Public Works Equipment	06/22/16	130,000.00
Acquisition of Police Department Equipment	06/22/16	76,150.00
Acquisition of Office Equipment	06/22/16	9,500.00
Acquisition of Fire Department Equipment	06/22/16	38,050.00
Renovations to Various Municipal Facilities	06/22/16	23,800.00
Various Improvements to Municipal Facilities	06/22/16	47,600.00
Rehabilitation and Improvement to Recreational Facilities	06/22/16	23,800.00
		<u>\$ 4,241,400.00</u>
Water/Sewer Capital:		
Acquisition of Utility Equipment	06/22/16	<u>\$ 133,300.00</u>

## **APPENDIX C**

Copies of Bond Resolution and Certificate of Authority Officer

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**RESOLUTION OF THE CAMDEN COUNTY IMPROVEMENT AUTHORITY  
AUTHORIZING THE ISSUANCE OF TOWNSHIP GENERAL OBLIGATION LOAN  
REVENUE BONDS (WATERFORD TOWNSHIP PUBLIC SAFTEY BUILDING  
PROJECT), SERIES 2016**

**Adopted: April 14, 2016**

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**RESOLUTION OF THE CAMDEN COUNTY IMPROVEMENT AUTHORITY  
AUTHORIZING THE ISSUANCE OF TOWNSHIP GENERAL OBLIGATION LOAN  
REVENUE BONDS (WATERFORD TOWNSHIP PUBLIC SAFETY BUILDING  
PROJECT), SERIES 2016**

---

**WHEREAS**, The Camden County Improvement Authority, a public body corporate and politic and a political subdivision of the State of New Jersey ("State"), organized and existing under the Act (as hereinafter defined) and created pursuant to a resolution of the Board of Chosen Freeholders of the County of Camden ("County") adopted on March 20, 1979, and any successor to its duties and functions ("Authority"), is authorized by the County Improvement Authorities Law, constituting Chapter 183 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (*N.J.S.A. 40:37A-44 et seq.*) ("Act"), to provide within the County, public facilities (as defined in the Act) for use by the State, the County or any beneficiary county, or any municipality in the County, or any two (2) or more or any subdivisions, departments, agencies or instrumentalities of any of the foregoing for any of their respective governmental purposes; and

**WHEREAS**, the Authority is authorized by the Act to make loans to any governmental unit or Person for the planning, design, acquisition, construction, equipping and furnishing of all or any part of any public facility, for such consideration and for such period or periods of time and upon such other terms and conditions as it may fix and agree upon as long as such loans are secured by loan and security agreements, mortgages, leases and other instruments, the payments on which shall be sufficient to pay the principal of and interest on any bonds issued for such purpose by the Authority, and upon such other terms and conditions as the Authority shall deem reasonable; and

**WHEREAS**, the Township of Waterford, County of Camden, New Jersey ("Township") is authorized pursuant to the Act and *N.J.S.A. 40A:63-1 et seq.* to, *inter alia*: (i) enter into contracts and agreements for the purchase of lands, buildings, equipment, materials, supplies and services with the State or any of its political subdivisions, including the Authority, or with the United States or with any individual, firm or corporation, which are deemed necessary or advisable to the Township for carrying out the purpose of the Project (as hereinafter defined); and (ii) own, lease, mortgage, dispose of, use and operate property, whether real, personal or mixed, or any interest therein, which purpose is necessary for the construction of public facilities; and

**WHEREAS**, the Township has requested financial assistance from the Authority for purposes of financing the costs associated with a capital project consisting of: (i) the acquisition of certain real property by the Township ("Project Site"); (ii) the construction of a new, approximately 11,000 square foot Public Safety Building on said Project Site ("Facility"); and (iii) the acquisition of all materials and equipment and completion of all work necessary therefor or related to the acquisition of the Project Site and the construction of the Facility, all as more particularly described in the application submitted to the Authority, as it may be amended and supplemented (collectively, the "2016 Project"); and

**WHEREAS**, the Authority has agreed to provide financing to the Township to pay for the costs of, *inter alia*, the 2016 Project through the issuance by the Authority of its Township General

Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016, in the aggregate principal amount not to exceed \$3,750,000 ("Bonds"), which Bonds will be payable from and secured by payments to be received by the Authority from the Township pursuant to, and in accordance with, the terms and conditions set forth in a loan and security agreement between the Authority and the Township ("Loan Agreement"); and

**WHEREAS**, all actions necessary and required under the Act for the approval of the 2016 Project, including, without limitation, obtaining the consent of the County to undertake the financing and the review of and consent to such financing by the Local Finance Board of the Division of Local Government Services, State Department of Community Affairs, have been and/or will have been taken prior to the issuance of the Series 2016 Bonds (as hereinafter defined); and

**WHEREAS**, the Authority will, pursuant to the Act, provide for the financing of the Costs (as hereinafter defined) of the 2016 Project by the issuance of its Series 2016 Bonds and the lending of the proceeds thereof to the Township to be payable from Loan Payments (as hereinafter defined) to be received by the Authority from the Township pursuant to the terms and conditions set forth herein and in the Loan Agreement; and

**WHEREAS**, pursuant to the terms of the Loan Agreement, the Township is required to make Loan Payments to the Authority on each Loan Payment Date (as hereinafter defined) in an amount equal to the debt service on the Series 2016 Bonds due on the immediately succeeding Interest Payment Date (as hereinafter defined) or Principal Installment Date (as hereinafter defined), as the case may be; and

**WHEREAS**, the Township will authorize the performance of its obligations under the Loan Agreement and the Continuing Disclosure Agreement (as defined in the Loan Agreement) through the adoption of the Loan Ordinance (as hereinafter defined).

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

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## ARTICLE I

### DEFINITIONS AND STATUTORY AUTHORITY

**Section 101. Definitions.** The following terms shall, for all purposes of this Bond Resolution, have the following meanings:

**Account** or **Accounts** shall mean, as the case may be, each or all of the Accounts established and created under Article V of this Bond Resolution.

**Accountant's Certificate** shall mean a certificate signed by an independent certified public accountant of recognized standing or a firm of independent certified public accountants of recognized standing, selected by the Authority, who may be the accountant or firm of accountants who regularly audit the books of the Authority.

**Accrued Aggregate Debt Service** shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service, calculating the accrued Debt Service as an amount equal to the sum of: (i) interest on the Bonds accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment next due which would have accrued (if deemed to accrue in the manner set forth in the definition of "Debt Service") to the end of such calendar month.

**Acquisition Fund** shall mean the Fund so designated, created and established pursuant to Section 502(1) of this Bond Resolution.

**Act** shall have the meaning set forth in the Recitals to this Bond Resolution.

**Additional Bonds** shall mean Bonds authenticated and delivered pursuant to Section 205 hereof.

**Additional Loan Payments** shall mean any and all amounts payable by the Township to the Authority pursuant to the Loan Agreement including, but not limited to, the annual Trustee's fee and annual Authority Administrative Expenses, professional fees incurred for any arbitrage calculation, arbitrage rebate expenses, and all direct and indirect costs and expenses incurred by the Authority related to the enforcement of this Bond Resolution and the Loan Agreement, including reasonable attorneys' fees related hereto and thereto.

**Additional Project** shall mean any additions to the 2016 Project or the completion of the 2016 Project or any enlargements thereof undertaken pursuant to Section 7.03 of the Loan Agreement.

**Aggregate Debt Service** for any period shall mean, as of any date of calculation, the aggregate Debt Service for such period with respect to all Bonds Outstanding or to be (or assumed to be) Outstanding during such period.

**Annual Authority Administrative Fee** shall mean the annual fee for the general administrative expenses of the Authority for the Bonds as set forth in the Loan Agreement.

**Article** shall mean a specified Article hereof, unless otherwise indicated.

**Authority** shall have the meaning set forth in the Recitals to this Bond Resolution.

**Authority Administrative Expenses** shall mean any and all expenses of the Authority and its agents, professionals and employees incurred or to be incurred by or on behalf of the Authority in the administration of its responsibilities under this Bond Resolution and the Loan Agreement, as applicable, including, but not limited to: (i) the Initial Authority Financing Fee; (ii) the Annual Authority Administrative Fee; (iii) all fees and expenses including, but not limited to, indemnification expenses, if any, incurred in connection with the issuance of any Bonds, the financing of the 2016 Project or the compelling of the full and punctual performance of this Bond Resolution and the Loan Agreement in accordance with the terms hereof and thereof; (iv) all fees and expenses including, but not limited to, indemnification expenses, if any, of counsel, auditors, insurers, Fiduciaries and others; and (v) any fees and expenses including, but not limited to, indemnification expenses, if any, incurred by the Paying Agent, the Bond Registrar, or the Trustee or any or all Fiduciaries in connection with the performance of their respective fiduciary responsibilities under this Bond Resolution and the Loan Agreement, all to the extent not capitalized pursuant to the requirements of this Bond Resolution, which Authority Administrative Expenses shall be paid as Additional Loan Payments by the Township.

**Authorized Authority Representative** shall mean any Person or Persons authorized to act on behalf of the Authority by a written certificate signed on behalf of the Authority by the Chairman or Vice Chairman of the Authority containing the specimen signature of each such Person.

**Authorized Township Representative** shall mean any Person or Persons authorized to act on behalf of the Township as shall be set forth in a written certificate signed on behalf of the Township by the Mayor or Chief Financial Officer, which form of certificate is set forth as Exhibit D to the Loan Agreement and incorporated by reference therein.

**Authorized Denominations** shall mean \$5,000 or any integral multiple of \$5,000.

**Authorized Newspaper** shall mean *The Bond Buyer*, or any successor thereto, or any financial newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.

**Award Certificate** shall mean the certificate of an Authorized Authority Representative executed and delivered to the Trustee in accordance with the Delegation Resolution.

**Bond** or **Bonds** shall mean, collectively, (i) the Series 2016 Bonds issued pursuant to Sections 201, 202 and 203 of this Bond Resolution to provide funds to finance the Costs of the 2016 Project, and (ii) any Additional Bonds and Refunding Bonds, if any.

**Bond Counsel** shall mean the law firm of Parker McCay P.A., Mount Laurel, New Jersey, or any other lawyer or firm of lawyers with experience and nationally recognized

expertise in the field of municipal finance selected by the Authority and acceptable to the Trustee.

**Bondholder, Holder, Holder of Bonds** or **Owner** shall mean any Person who shall be the Registered Owner of any Bond or Bonds.

**Bond Registrar** shall mean the Trustee, its successors and assigns, or any other commercial bank or trust company organized under the laws of any state of the United States of America or national banking association appointed by the Authority to perform the duties of the Bond Registrar enumerated in Section 305 of this Bond Resolution.

**Bond Resolution** shall mean this resolution adopted by the Authority on April 14, 2016 entitled, "Resolution of The Camden County Improvement Authority Authorizing the Issuance of Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016", as the same may be amended, modified and supplemented in accordance with the provisions hereof and pursuant to the provisions of the Award Certificate executed by the Executive Director of the Authority in connection with the issuance of the Series 2016 Bonds.

**Bond Year** shall mean, with respect to the Series 2016 Bonds, each 1-year period that ends on the day that is selected by the Authority. The first and last Bond Years may be short periods. If no day is selected by the Authority before the earlier of the final maturity date of the Series 2016 Bonds or the date that is five (5) years after the Issue Date, Bond Years shall end on each anniversary of the Issue Date and on the final maturity date of the Series 2016 Bonds. For each Series of Additional Bonds or Refunding Bonds, Bond Year shall be designated in the Supplemental Resolution pursuant to which such Series of Bonds is issued.

**Business Day** shall mean any day that is not a Saturday, a Sunday or a legal holiday in the State or the State of New York or a day on which the Trustee, the Bond Registrar, any Paying Agent, the Township or the Authority is legally authorized to close.

**Cede** shall have the meaning set forth in Section 204(a) hereof.

**Code** shall mean the Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations promulgated thereunder.

**Completion Certificate** shall mean the certificate described in Section 4.05 of the Loan Agreement, executed by the Township and the Authority, wherein, with respect to the 2016 Project, the Township certifies as to such matters as the Authority shall require, and which certificate further satisfies the requirements of Section 503(4) hereof.

**Completion Date** shall mean the date of completion of the 2016 Project as stated in the Completion Certificate described in Section 4.05 of the Loan Agreement.

**Continuing Disclosure Agreement** shall have the meaning set forth in Section 820 of this Bond Resolution.

**Cost** or **Costs** shall mean and shall be deemed to include, with respect to the 2016 Project or any portion thereof, together with any other proper and reasonable item of cost not

specifically mentioned herein, whether incurred prior to or after the date of the Loan Agreement, (i) the costs of payment of, or reimbursement for, the acquisition, construction, equipping and furnishing of the 2016 Project including, but not limited to, environmental or remediation costs, advances or progress payments, appraisals, engineering, design, site work, surveys, title insurance, demolition, acquisition costs, construction and equipment costs, installation costs, administrative costs and capital expenditures relating to the 2016 Project, capitalized interest, financing payments, sales taxes, excise taxes, property taxes, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recordation costs, printing costs for all documents, reproduction and binding costs, fees and charges of the Trustee pursuant to this Bond Resolution, financing documents, legal fees and charges, all financial, accounting and other professional consultant fees, the Initial Authority Financing Fee for a particular Series of Bonds, all professional and consulting fees and charges of the Authority, if any, and of the Township, costs of rating agencies, bond insurance, bond insurers or credit ratings, fees for the printing, execution, transportation and safekeeping of any Series of Bonds, and any charges and fees in connection with any of the foregoing; (ii) all other costs which the Township or the Authority shall be required to pay under the terms of any contract or contracts for the acquisition, construction, equipping and furnishing of the 2016 Project including, but not limited to, the cost of insurance; (iii) any sums required to reimburse the Township for advances made for any of the above items, or for any other costs incurred and for work done, which is properly chargeable to the 2016 Project; (iv) deposits in any Fund or Account under this Bond Resolution, all as shall be provided in this Bond Resolution; and (v) such other expenses not specified herein or in the Loan Agreement as may be necessary or incidental to the acquisition, construction, equipping and furnishing of the 2016 Project, the financing thereof and the placing of the same in use and operation. Cost as defined herein shall be deemed to include the costs and expenses incurred by any agent of the Authority or the Township for any of the above-mentioned items or in connection with the administration and enforcement of the Continuing Disclosure Agreement and the Loan Agreement.

**County** shall have the meaning set forth in the Recitals to this Bond Resolution.

**Debt Retirement Fund** shall mean the Fund so designated, created and established pursuant to Section 502(6) of this Bond Resolution.

**Debt Service** for any period shall mean, as of any date of calculation, with respect to a particular Series of Bonds, including the Series 2016 Bonds, an amount equal to the sum of: (i) the interest accruing during such period on such Series of Bonds except to the extent such interest is to be paid from deposits made from Bond proceeds into the applicable Account in the Debt Service Fund; and (ii) that portion of each Principal Installment which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the immediately preceding Principal Installment due date or, if there should be no preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of original issuance of a particular Series of Bonds, whichever is later. Such interest and Principal Installments for such Series of Bonds shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof. The calculations in the preceding sentence shall be made on the basis of a 30-day month and a 360-day year.

**Debt Service Fund** shall mean the Fund so designated, created and established pursuant to Section 502(5) of this Bond Resolution.

**Debt Service Requirement** with respect to the next Interest Payment Date for any Series of Bonds shall mean: (i) in the case of an Interest Payment Date on which interest only shall be due, interest accrued and unpaid and to accrue to such date; and (ii) in the case of an Interest Payment Date on which interest and/or a Principal Installment or Installments shall be due, interest accrued and unpaid and to accrue to such date, if any, *plus* the Principal Installment or Installments due on such date. The calculations in the preceding sentence shall be made on the basis of a 30-day month and a 360-day year.

**Default Interest** shall have the meaning given to such term in Section 308(2) hereof.

**Default Interest Payment Date** shall have the meaning given to such term in Section 308(2) hereof.

**Delegation Resolution** shall mean that resolution adopted by the Authority on April 14, 2016 authorizing, *inter alia*, the execution and delivery of the Loan Agreement, the Award Certificate and a bond purchase contract with the Underwriter for the sale of the Series 2016 Bonds, which resolution shall not constitute a Supplemental Resolution hereunder.

**DTC** shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for any Series of Bonds authorized as book-entry Bonds pursuant to Section 204 hereof.

**Event of Default** shall have the meaning given to such term in Section 901 hereof.

**Favorable Opinion of Bond Counsel** shall mean an opinion of Bond Counsel, addressed to the Authority, the Township and the Trustee, to the effect that the action proposed to be taken is authorized or permitted by this Bond Resolution, any Supplemental Resolution and the Act and will not adversely affect the exclusion of interest on such Series of Bonds from gross income for purposes of Federal income taxation under Section 103 of the Code.

**Fiduciary** or **Fiduciaries** shall mean the Trustee, the Paying Agent, the Bond Registrar, the dissemination agent pursuant to the Continuing Disclosure Agreement, or any or all of them, as may be appropriate.

**Fiscal Year** shall mean the respective twelve (12) month fiscal periods of the Township or the Authority, as applicable.

**Fitch** shall mean Fitch Ratings, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

**Fund** or **Funds** shall mean, as the case may be, each or all of the Funds created and established in Section 502 of this Bond Resolution; provided, however, that such Funds do not constitute "funds" in accordance with generally accepted accounting principles.

**Initial Authority Financing Fee** shall mean, with respect to: (i) the Series 2016 Bonds, the aggregate amount calculated in accordance with the Authority Fee Schedule - County and Municipal Governmental Applicants adopted by resolution of the Authority dated April 11, 2002, as amended and supplemented, and as set forth in the Award Certificate executed by an Authorized Authority Representative in connection with the sale and award of the Series 2016 Bonds; and (ii) any other Series of Additional Bonds or Refunding Bonds, the amount specified in the applicable Supplemental Resolution authorizing such Series of Bonds or the award certificate executed by an Authorized Authority Representative in connection with the sale and award of such Series of Additional Bonds or Refunding Bonds.

**Interest Payment Date** shall mean: (i) with respect to the Series 2016 Bonds, each March 15 and September 15, commencing September 15, 2016, or such other date or dates as provided for in the Award Certificate for the Series 2016 Bonds; and (ii) such other dates as shall be established by a Supplemental Resolution authorizing any other Series of Additional Bonds or Refunding Bonds. In the event an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day for interest accrued to the Interest Payment Date.

**Investment Securities** shall mean with respect to moneys in any Funds, Accounts or Subaccounts invested under the Bond Resolution, any of the following securities, if and to the extent the same are at the time of purchase legal for investment of Authority funds pursuant to the provisions of the Local Fiscal Affairs Law, specifically *N.J.S.A. 40A:5-14* (legal depositories for public moneys) and *N.J.S.A. 40A:5-15.1* (securities which may be purchased by local units), as same may be amended and supplemented from time to time:

As of the date of adoption of this Bond Resolution, the following investments and securities are currently permitted investments under the laws of the State for investment of the Authority's funds when authorized by a cash management plan approved pursuant to *N.J.S.A. 40A:5-14*:

- a. The public depositories (as defined in *N.J.S.A. 17:9-41*) designated by the Authority in an approved cash management plan shall be authorized pursuant to *N.J.S.A. 40A:5-14(i)* to purchase certificates of deposit in accordance with the following conditions: (1) the funds are initially invested through the designated public depository; (2) the designated public depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured banks or savings and loan associations, for the account of the Authority; (3) one hundred percent (100%) of the principal and accrued interest of each certificate of deposit is insured by the Federal Deposit Insurance Corporation; (4) the designated public depository acts as custodian for the Authority with respect to the certificates of deposit issued for the Authority's accounts; and (5) at the same time that the Authority's funds are deposited and the certificates of deposit are issued, the designated public depository receives an amount of deposits from customers of other banks and savings and loan associations, wherever located, equal to the amount of funds initially invested by the Authority through the designated public depository.



b. Pursuant to *N.J.S.A. 40A:5-15.1*, the following securities may be purchased which, if suitable for registry, may be registered in the name of the Authority:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the State Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State Cash Management Fund established pursuant to Section 1 of P.L. 1977, c.281 (*N.J.S.A. 52:18A-90.4*); or
- (8) Agreements for the repurchase of fully collateralized securities, if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of subsection a. hereof;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than thirty (30) days;
  - (d) the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (*N.J.S.A. 17:9-41*); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

c. Any investment instruments in which the security is not physically held by the local unit shall be covered by a third party custodial agreement which shall provide for the designation of such investments in the name of the local unit and prevent unauthorized use of such investments.

d. Purchase of investment securities shall be executed by the "delivery versus payment" method to ensure that securities are either received by the local unit or a third party custodian prior to or upon the release of the local unit's funds.

e. Any investments not purchased and redeemed from the issuer, government money market mutual fund, local government investment pool or the State Cash Management Fund, shall be purchased and redeemed through the use of a national or State bank located within the State or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to Section 9 of P.L. 1967, c.93 (*N.J.S.A. 49:3-56*) and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities.

f. For the purposes of this definition:

(1) a "government money market mutual fund" means an investment company or investment trust:

(a) which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940", 15 *U.S.C. 80a-1 et seq.*, and operated in accordance with 17 *C.F.R. §270.2a-7*;

(b) the portfolio of which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 *C.F.R. §270.2a-7* and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of subsection b. hereof; and

(c) which is rated by a nationally recognized statistical rating organization.

(2) a "local government investment pool" means an investment pool:

(a) which is managed in accordance with 17 *C.F.R. §270.2a-7*;

(b) which is rated in the highest category by a nationally recognized statistical rating organization;

(c) which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 *C.F.R. §270.2a-7* and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of subsection a. hereof;

(d) which is in compliance with rules adopted pursuant to the "Administrative Procedure Act", P.L. 1968, c.410 (*N.J.S.A. 52:14B-1 et seq.*) by the Local Finance Board, which rules shall provide for disclosure and reporting requirements, and other provisions deemed necessary by the board to provide for the safety, liquidity and yield of the investments;

(e) which does not permit investments that: are subject to high price volatility with changing market conditions; cannot reasonably be expected, at the time of interest rate adjustment, to have a market value that approximates their par value; or utilize an index that does not support a stable net asset value; and

(f) which purchases and redeems investments directly from the issuer, government money market mutual fund, or the State Cash Management Fund, or through the use of a national or State bank located within the State, or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to Section 9 of P.L. 1967, c.93 (*N.J.S.A. 49:3-56*) and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities.

g. Investments in, or deposits or purchases of financial instruments made pursuant to this Bond Resolution shall not be subject to the requirements of the "Local Public Contracts Law", P.L. 1971, c.198 (*N.J.S.A. 40A:11-1 et seq.*).

**Issue Date** shall mean, the date on which the Trustee authenticates the applicable Series of Bonds and on which such Bonds are delivered to the purchasers thereof upon original issuance.

**Loan** shall mean the loan made by the Authority to the Township in the aggregate principal amount not-to-exceed \$3,750,000 (which amount shall be specified in the Award Certificate relating to the Series 2016 Bonds and the Loan Agreement) to finance the aggregate Costs of the 2016 Project under the terms and conditions set forth in the Loan Agreement.

**Loan Agreement** shall mean the Loan and Security Agreement, dated as of May 1, 2016, by and between the Authority and the Township, together with any supplements and amendments thereto, relating to the 2016 Project to be financed with the proceeds of the Loan.

**Loan Documents** shall mean, collectively, the Loan Agreement, the Continuing Disclosure Agreement, this Bond Resolution and all documents and instruments executed and delivered in connection therewith and herewith and all amendments and modifications thereto and hereto.

**Loan Ordinance** shall mean the ordinance finally adopted by the Township on April 27, 2016 and entitled, "AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT WITH THE CAMDEN COUNTY IMPROVEMENT AUTHORITY; AUTHORIZING THE PREPARATION AND DISTRIBUTION OF OFFERING DOCUMENTS AND OTHER AGREEMENTS; AND AUTHORIZING OTHER NECESSARY ACTION IN CONNECTION WITH THE TOWNSHIP OF WATERFORD'S PUBLIC SAFETY BUILDING PROJECT TO BE FINANCED THROUGH THE ISSUANCE OF BONDS BY THE CAMDEN COUNTY IMPROVEMENT AUTHORITY", approving and authorizing the execution and delivery, among other things, of the Loan Agreement and the Continuing Disclosure Agreement by the Township and the performance of its obligations thereunder, including payment of Loan Payment obligations thereunder and Debt Service on any Bonds issued by the Authority, including the Series 2016 Bonds.

**Loan Payment** shall mean the sum of money representing principal and interest for the 2016 Project necessary to amortize Debt Service on the Series 2016 Bonds payable by the Township on each Loan Payment Date, as set forth in Exhibit A to the Loan Agreement, as described in Section 5.02(A) of the Loan Agreement and redemption premium, if any, to the extent required to redeem the Series 2016 Bonds pursuant to Article IV of this Bond Resolution and, as applicable, Additional Loan Payments payable by the Township upon demand pursuant to Sections 5.02(A) and (B) of the Loan Agreement, respectively.

**Loan Payment Date** shall mean, (i) with respect to the Series 2016 Bonds, five (5) Business Days prior to the applicable Interest Payment Date, Principal Installment Date or Sinking Fund Installment due date, as the case may be, and (ii) such other dates determined in accordance with the Loan Agreement as may be set forth in a Supplemental Resolution authorizing any other Series of Bonds.

**Loan Term** shall mean the period during which the Loan Agreement is in effect as specified in Section 5.01 of the Loan Agreement.

**Month** shall mean a calendar month.

**Moody's** shall mean Moody's Investors Services, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

**Operating Fund** shall mean the Fund so designated, created and established pursuant to Section 502(3) of this Bond Resolution.

**Outstanding** when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or thereupon being authenticated and delivered under this Bond Resolution except:

- (i) Bonds canceled by the Trustee at or prior to such date;
- (ii) Bonds (or portions of Bonds) for the payment of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, together with interest to accrue thereon to the date of maturity or redemption date, shall be held in an irrevocable trust under this Bond Resolution and set aside for such payment or redemption (whether at or

prior to the maturity date); provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as specified in Article IV hereof;

- (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1206 hereof; and
- (iv) Bonds deemed to have been paid as provided in Section 1301 hereof.

**Paying Agent** or **Paying Agents** shall mean any bank or trust company organized under the laws of any state of the United States or any national banking association designated as paying agent for the Bonds, and its successors and assigns appointed in the manner provided in this Bond Resolution.

**Person** or **Persons** shall mean any individual, corporation, partnership, limited liability company, joint venture, trust or unincorporated organization or a governmental agency or any political subdivision thereof.

**Pledged Property** shall mean: (i) the Revenues; (ii) the Funds and Accounts established hereunder (other than the Rebate Fund), including Investment Securities held in any such Funds or Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of this Bond Resolution.

**Prepayment** shall mean any amounts received as prepayments of Loan Payments pursuant to Section 5.06 of the Loan Agreement and any other agreement with respect to any Additional Project.

**Principal Installment** shall mean, as of any date of calculation, and with respect to a particular Series of Bonds, so long as any Bonds thereof are Outstanding: (i) the principal amount of such Series of Bonds due on a certain future date for which no Sinking Fund Installments have been established plus any applicable redemption premium thereon; and (ii) any Sinking Fund Installments due on a certain future date for such Series of Bonds, if any, plus the amount of the sinking fund redemption premium, if any, which would be applicable upon redemption of such Series of Bonds on such future date in a principal amount equal to such Sinking Fund Installments.

**Principal Installment Date** shall mean: (i) with respect to the Series 2016 Bonds, each March 15, commencing March 15, 2017, or such other date or dates as provided for in the Award Certificate for the Series 2016 Bonds, on which any Principal Installment shall become due and payable by the Authority; or (ii) such other date as set forth in a Supplemental Resolution authorizing any other Series of Bonds. In the event a Principal Installment Date is not a Business Day, principal shall be paid on the next succeeding Business Day for the Principal Installment payable on the Principal Installment Date.

**Proceeds** shall mean any insurance, condemnation, performance bond, letter of credit or any other financial guaranty proceeds paid with respect to the 2016 Project remaining

after payment therefrom of all expenses incurred in the collection thereof; and, with respect to insurance, if and at such time as the Township elects to provide self-insurance under Section 7.05 of the Loan Agreement, any moneys payable from any self-insurance fund of the Township which may lawfully be expended for the purposes for which such self-insurance is provided.

**Proceeds Fund** shall mean the Fund so designated, established and created pursuant to Section 502(4) of this Bond Resolution.

**Rebate Fund** shall mean the Fund so designated, created and established pursuant to Section 502(7) of this Bond Resolution.

**Record Date** shall mean, (i) with respect to the Series 2016 Bonds, March 1 and September 1 next preceding any Interest Payment Date, or such other date or dates as provided for in the Award Certificate for the Series 2016 Bonds, or (ii) such other dates as set forth in a Supplemental Resolution authorizing any other Series of Bonds.

**Redemption Price** shall mean, with respect to any Bond, the principal amount thereof plus the applicable redemption premium thereon, if any, payable upon redemption thereof pursuant to such Bond or this Bond Resolution or the applicable Supplemental Resolution whether such Redemption Price is expressed as a percentage of the principal amount of the Bond or otherwise.

**Refunding Bonds** shall mean any Bonds authenticated and delivered on original issuance pursuant to Section 206 hereof and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1206 hereof.

**Registered Owner** shall mean the Owner of any Bond which is issued in fully registered form, as determined on the Record Date, as reflected on the registration books of the Authority which shall be kept and maintained on behalf of the Authority at the principal corporate trust office of the Bond Registrar.

**Revenue Fund** shall mean the Fund so designated, created and established pursuant to Section 502(2) of this Bond Resolution.

**Revenues** shall mean: (i) all amounts, including Loan Payments, received by the Authority from the Township under the Loan Agreement, and any other agreement with respect to any Additional Project; (ii) any moneys or securities held pursuant to this Bond Resolution and paid or required to be paid into the Debt Service Fund; (iii) any payments made by the Township to the Authority pursuant to Section 708 hereof; (iv) interest received on any moneys or Investment Securities held under this Bond Resolution (other than in the Rebate Fund) and required to be paid into the Revenue Fund pursuant to this Bond Resolution; and (v) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of a particular Series of Bonds pursuant to a Supplemental Resolution.

**Series** shall mean all of the Bonds authenticated and delivered upon original issuance at one or more times pursuant to this Bond Resolution and any Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 406 or

after any action taken as provided in Articles XI and XII hereof and as described in Section 1206 of this Bond Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

**Series 2016 Bonds** shall mean all of the Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016, in the not-to-exceed \$3,750,000 original principal amount.

**Sinking Fund Installment** shall mean that designated amount on deposit in the Debt Service Fund which shall be applied by the Trustee to the redemption of Bonds of any Series which amount is established pursuant to clause (8) of subsection (h) of subsection (1) of Section 202 and pursuant to subsection (7) of Section 203 hereof.

**Special Record Date** shall have the same meaning given to such term in Section 308 hereof.

**Standard & Poor's** or **S&P** shall mean Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

**State** shall mean the State of New Jersey or any successor to its duties and functions.

**Supplemental Resolution** shall mean any resolution supplemental to or amendatory of this Bond Resolution adopted by the Authority in accordance with Sections 205 and 206 and Article XI hereof, but shall not include the Delegation Resolution.

**Trustee** shall mean, with respect to the Series 2016 Bonds and any other Series of Bonds issued hereunder, TD Bank, National Association, Cherry Hill, New Jersey and its successors and assigns or any other bank, trust company or national banking association that at any time may be substituted in its place pursuant to this Bond Resolution or appointed trustee pursuant to a Supplemental Resolution.

**2016 Project** shall mean, collectively, the Costs of: (i) the acquisition of certain real property by the Township; (ii) the construction of a new 11,000 square foot Public Safety Building at said site; and (iii) the acquisition of all materials and equipment and completion of all work necessary therefor or related thereto, all as more particularly described in the application submitted to the Authority, as it may be amended and supplemented.

**Underwriter** shall mean the underwriter named in the bond purchase contract between the Authority and the Underwriter and the Award Certificate, dated the date of sale of the Series 2016 Bonds.

**Yield** shall mean that yield which when used in computing the present worth of all payments of principal of and interest on an obligation produces an amount equal to its purchase price. The Yield for the Bonds is to be computed in accordance with Treasury Regulations Section 1.148-4. The Yield on an investment is to be computed in accordance with Treasury Regulations Section 1.148-5.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, words importing persons shall include firms, associations, corporations, districts, agencies and bodies, and words of the masculine gender shall mean and include correlative words of the feminine and neuter gender and vice versa. All times referenced herein shall be to prevailing Eastern time unless otherwise specifically noted.

**Section 102. Authority for This Bond Resolution.** This Bond Resolution is adopted pursuant to the provisions of the Act.

**Section 103. Bond Resolution to Constitute Contract.** In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Bond Resolution shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the Bonds; and the security interest granted and the pledge and assignment made in this Bond Resolution and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, all except as expressly provided in or permitted by this Bond Resolution.

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## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

**Section 201. Authorization of Bonds.** 1. In accordance with the Act and pursuant to the provisions of this Bond Resolution, there is hereby authorized to be issued a Series of Bonds of the Authority in an aggregate principal amount not-to-exceed \$3,750,000 to be designated as "Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016". The Bonds shall be direct and special obligations of the Authority payable solely from Revenues and secured by the Pledged Property. The aggregate principal amount of the Bonds that may be executed, authenticated and delivered under this Bond Resolution is not limited except as may hereafter be provided in this Bond Resolution or as may be limited by law. The Series 2016 Bonds shall be substantially in the form set forth in Section 1401 of this Bond Resolution, with appropriate insertions, omissions and variations.

2. The Bonds may, if and when authorized by the Authority pursuant to this Bond Resolution and one or more Supplemental Resolutions, be issued in one or more Series at one or more times, and the designation thereof, in addition to the name "Township General Obligation Loan Revenue Bonds", shall include such further appropriate particular designation including, but not limited to "(Waterford Township Public Safety Building Project)" added to or incorporated in such title for the Bonds of any particular Series as the Authority shall determine in the Award Certificate with respect to such Series of Bonds. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Nothing contained in this Bond Resolution shall be deemed to preclude or restrict the consolidation pursuant to a Supplemental Resolution of any Bonds of two (2) or more separate Series authorized pursuant to such Supplemental Resolution to be issued pursuant to any of the provisions of Sections 202, 203, 205 and 206 hereof into a single Series of Bonds for purposes of sale and issuance; provided that each of the tests, conditions and other requirements contained in Sections 202, 203, 204, 205 and 206 hereof as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in this subsection or in such Supplemental Resolution, such a consolidated Series shall be treated as a single Series for all purposes of this Bond Resolution.

4. The Bonds shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the Loan Agreement, the Township, and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the Loan Agreement, the Township, or be or constitute a pledge of the faith and credit of the State or of any political subdivision thereof other than, as applicable under and limited by the Loan Agreement, the Township.

**Section 202. General Provisions for Issuance of Bonds.** 1. All of the Bonds of each Series, including the Series 2016 Bonds, shall be executed by the Authority for issuance under this Bond Resolution and shall be delivered to the Trustee. Thereupon the

Trustee shall authenticate and shall deliver the Bonds to the Authority or upon its order, but only upon the receipt by the Trustee of:

- (a) An opinion of Bond Counsel (dated the date the Bonds of such Series are initially issued and addressed to the Authority, together with a reliance letter addressed to the Trustee) to the effect that, *inter alia*, except insofar as it may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and the availability of any particular remedy: (i) the Authority has the right and the power under the Act, as amended to the date of such opinion, to adopt this Bond Resolution; this Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, is valid and binding upon the Authority and is enforceable in accordance with its terms and no other authorization for the adoption of this Bond Resolution is required; (ii) this Bond Resolution creates the valid pledge that it purports to create on the Pledged Property; and (iii) the Bonds of such Series are valid, binding, direct, special and limited obligations of the Authority as provided in this Bond Resolution, enforceable in accordance with their terms and the terms of this Bond Resolution and entitled to the benefits of this Bond Resolution and of the Act, as amended to the date of such opinion, and such Bonds have been duly and validly authorized and issued in accordance with applicable law, including the Act as amended to the date of such opinion, and in accordance with this Bond Resolution;
- (b) A written order as to the delivery of such Series of Bonds signed by an Authorized Authority Representative, which order shall: (i) direct the application of the proceeds of such Series of Bonds; and (ii) set forth the maturity schedule for said Series of Bonds and the interest rate or rates payable with respect thereto;
- (c) A copy, duly certified by an Authorized Authority Representative, of this Bond Resolution and the Delegation Resolution of the Authority, *inter alia*, authorizing the execution of the Loan Agreement, the Award Certificate and the bond purchase contract with the Underwriter (which Delegation Resolution shall not constitute a Supplemental Resolution hereunder), together with a copy of the Award Certificate;
- (d) A fully executed copy of the Loan Agreement;
- (e) A certified copy of the Loan Ordinance and the Continuing Disclosure Agreement, along with duly certified copies of the authorization proceedings related thereto;
- (f) A fully executed copy of the contract of purchase, private placement agreement or other similar instrument prepared in connection with the competitive or negotiated sale of such Series of Bonds executed by and between the Authority and the Underwriter of such Bonds;

- (g) In the case of each Series of Additional Bonds, a copy of the Supplemental Resolution authorizing such Series of Additional Bonds, certified by an Authorized Authority Representative, which shall, among other provisions, specify or delegate to an Authorized Authority Representative, the power to specify: (i) the authorized principal amount, designation and Series of such Bonds; (ii) the purpose(s) for which such Series of Bonds are being issued, which shall be for the purpose specified in Sections 205 or 206 hereof; (iii) the dated date, and the maturity date or dates, of the Bonds of such Series; (iv) the interest rate or rates or the method of calculation of the interest rate or rates of the Bonds of such Series and the Interest Payment Dates therefor provided that the interest rate or rates or the manner of determining the interest rate or rates shall be identical for all such Bonds of like maturity; (v) the denominations of, and the manner of dating (except as otherwise provided herein), numbering and lettering the Bonds of such Series, provided that such Bonds shall be in Authorized Denominations as authorized by such Supplemental Resolution; (vi) the Paying Agent or Paying Agents and the place or places or methods of payment of the principal or Redemption Price of and interest on the Bonds of such Series; (vii) the Redemption Price or Prices and, subject to Article IV hereof, the redemption terms for the Bonds of such Series; (viii) the amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series; (ix) if so determined by the Authority, provisions for the sale of the Bonds of such Series; (x) the amount (or the method of determining the amount), if any, to be deposited from the proceeds of such Series of Bonds in the various Funds and Accounts established hereunder and under such Supplemental Resolution including, but not limited to, the Debt Service Fund and provisions for the application thereof to the payment of all or a portion of the interest on such Series of Bonds or any other Series of Bonds and provisions for the application of proceeds of the Bonds; and (xi) the form of the Bonds of such Series and of the Trustee's certificate of authentication, which forms shall be substantially in the forms set forth in Sections 1401 and 1402 hereof, respectively, with such variations, omissions and insertions as are required or permitted by this Bond Resolution;
- (h) Except in the case of the Series 2016 Bonds, a certificate of an Authorized Authority Representative stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Bond Resolution;
- (i) In the case of a Supplemental Resolution which delegates to an Authorized Authority Representative the power to specify the information set forth in subsection (h) above, a certificate of such Authorized Authority Representative which specifies and sets forth such information; and

- (j) Such further documents, moneys and securities as are required by the provisions of Sections 203, 205, 206 or 703 or Article XI or any Supplemental Resolution adopted pursuant to Article XI hereof.

2. All of the Bonds of each Series of like maturity shall be identical in all respects, except as to such further name designation incorporated in the title for the Bonds of each Series, denominations, maturity date, interest rates, numbers and letters. After the original issuance of the Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1206 hereof.

**Section 203. The Series 2016 Bonds.** 1. The Series 2016 Bonds shall be issued, authenticated and delivered to finance the Costs of acquisition, installation, construction, and equipping of the 2016 Project.

2. Pursuant to the provisions of this Bond Resolution, the Series 2016 Bonds are entitled to the benefit, protection and security of the provisions hereof and are hereby authorized to be issued in an aggregate principal amount not-to-exceed \$3,750,000. The Series 2016 Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title "Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016".

3. The Series 2016 Bonds shall be issued to: (i) finance the Costs of the 2016 Project; (ii) make the required deposit, if any, into the Debt Service Fund, and (iii) pay costs and expenses incurred by the Authority and the Township in connection with the issuance and delivery of the Series 2016 Bonds.

4. Pursuant to and in accordance with the provisions of *N.J.S.A. 40:37A-60* and the terms of this Resolution and any resolutions amendatory thereof or supplemental thereto, the Authority hereby determines that the Executive Director or Acting Executive Director or any member of the Authority, with the prior approval of the Chairman of the Authority, is hereby designated as the individual who shall have the power to sell and to award the Series 2016 Bonds on behalf of the Authority to the purchaser(s) thereof, including the power to determine, among other things: (i) the amount of Series 2016 Bonds to be issued, in Authorized Denominations and in an aggregate principal amount not to exceed \$3,750,000; (ii) the time and the manner of sale of such Series 2016 Bonds, which sale may be on a negotiated or competitive basis as determined by the Executive Director or Acting Executive Director; and (iii) such other terms and conditions as may be necessary or related to such sale of such Series 2016 Bonds, all subject to the conditions as stated in the Bond Purchase Contract (as hereinafter defined) and in the Award Certificate, each of which the Executive Director, Acting Executive Director or any other Authorized Authority Representative is hereby authorized to execute in connection with the sale of the Series 2016 Bonds.

5. The Executive Director, Acting Executive Director or any other member of the Authority is hereby authorized to determine the details of and execute a contract of purchase, private placement agreement or other similar document ("Bond Purchase Agreement") in connection with the sale of the Series 2016 Bonds. The Executive Director, Acting Executive Director or any other member of the Authority is hereby authorized to award such Series 2016

Bonds to the purchaser or purchasers thereof. Such award shall be evidenced by the execution of the Award Certificate. The Bond Purchase Agreement and the Award Certificate shall determine the terms and conditions relating to the sale of the Series 2016 Bonds, including the rate or rates of interest to be borne by the Series 2016 Bonds and the Underwriter's discount, if any, which is payable to the Underwriter in connection with the sale of the Series 2016 Bonds and the maturity schedule for the Series 2016 Bonds shall be substantially the same as the maturity schedule set forth in the Local Finance Board Application prepared in connection with the issuance of the Series 2016 Bonds; *provided, however*, that without the further authorization of the Authority, the true interest cost to be borne by the Series 2016 Bonds shall not exceed six and zero one-hundredths per centum (6.00%) and the underwriter's discount, if any, for the Series 2016 Bonds shall not exceed \$6.00 per \$1,000 principal amount of such Series 2016 Bonds; *provided, further, however*, that the aggregate true interest cost on the Series 2016 Bonds and the underwriter's discount, if any, for such Series 2016 Bonds may exceed the amounts which are set forth herein if such greater rate of interest (or true interest cost) or such greater underwriter's discount, if any, is approved, and the maturity schedule may be substantially changed if such change is approved, prior to the award and sale of such Series 2016 Bonds, by a resolution duly adopted by the Authority. Such Bond Purchase Agreement, or other similar document, or such Award Certificate shall contain such other terms and conditions as shall be deemed necessary in connection with the sale of the Series 2016 Bonds.

6. The Series 2016 Bonds shall be dated, shall mature and shall be subject to redemption on the dates, at the respective Redemption Prices and in the respective principal amounts, and shall bear interest payable on the Interest Payment Dates at the respective rates per annum, all as set forth in the Award Certificate executed and delivered to the Trustee in accordance with the Delegation Resolution. The amount and due date of each Sinking Fund Installment, if any, for the Series 2016 Bonds shall be as set forth in the Award Certificate executed and delivered to the Trustee in accordance with the Delegation Resolution.

7. The Series 2016 Bonds shall be issued in fully registered, book-entry only form in Authorized Denominations. Unless the Authority shall otherwise direct the Bond Registrar, the Series 2016 Bonds shall be lettered and numbered from one upward in order of maturities preceded by the letter "R," and/or such other letter or letters as determined by the Trustee, prefixed to the number. Subject to the provisions of this Bond Resolution, the form of the Series 2016 Bonds and the Trustee's certificate of authentication shall be substantially in the form set forth in Sections 1401 and 1402, respectively, hereof.

8. The principal of the Series 2016 Bonds shall be payable, upon presentation and surrender thereof, at the principal corporate trust office of TD Bank, National Association, Cherry Hill, New Jersey, as Paying Agent for the Series 2016 Bonds. The principal or Redemption Price of the Series 2016 Bonds shall also be payable on the applicable Principal Installment Date at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by this Bond Resolution. Interest on the Series 2016 Bonds shall be payable by check of the Trustee, mailed or transmitted, on each applicable Interest Payment Date or the maturity date, as the case may be, to the Registered Owners thereof as the same appear as of the Record Date on the books of the Authority maintained by the Trustee; provided, however, that a Registered Owner of \$1,000,000 or more in principal amount of the Series 2016 Bonds shall be entitled, upon three (3) Business Days'

written notice to the Trustee in advance of the applicable Record Date, to receive interest payments by wire transfer of immediately available funds.

9. The Series 2016 Bonds shall be subject to redemption prior to their respective maturity dates as authorized by Article IV hereof and as set forth in the Award Certificate.

10. The proceeds of the Series 2016 Bonds shall be paid to the Trustee and applied in accordance with an order of the Authority simultaneously with the delivery thereof as follows:

- (a) an amount equal to the interest, if any, accrued on the Series 2016 Bonds from their dated date to the date of delivery thereof shall be deposited into the Debt Service Fund;
- (b) an amount for the payment of the costs of issuance, including the Initial Authority Financing Fee, shall be deposited in the Operating Fund and paid in accordance with Section 505(2) hereof; and
- (c) the balance of the proceeds of the Series 2016 Bonds shall be deposited into the Acquisition Fund, which Fund is created and established pursuant to Section 502(1) hereof.

**Section 204. Book-Entry System.**

- (a) With respect to the Series 2016 Bonds and each other Series of Bonds for which the authorizing resolution so provides, except as provided in subsection (c) of this Section 204, the registered Holder of all of the Bonds shall be, and the Bonds shall be registered in the name of, Cede & Co. ("Cede"), as nominee of DTC. With respect to all Bonds for which Cede shall be the registered Holder, payment of semiannual interest on such Bonds shall be made by wire transfer of same day funds to the account of Cede on the Interest Payment Dates for the Bonds at the address indicated for Cede in the registration books of the Authority kept by the Bond Registrar.
- (b) The Bonds shall be initially issued in the form of a separate fully registered bond in the amount of each separate serial or term maturity of each Series of Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books of the Authority kept by the Bond Registrar in the name of Cede, as nominee of DTC. With respect to Bonds so registered in the name of Cede, the Authority and the Trustee shall have no obligation or responsibility to any DTC participant, indirect DTC participant or any beneficial owner of the Bonds. Without limiting the generality of the foregoing, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant or indirect DTC participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any DTC participant, indirect DTC participant, beneficial

owner or any other Person, other than DTC or Cede, of any notice with respect to such Bonds, or (iii) the payment to any DTC participant, indirect DTC participant, beneficial owner or any other Person, other than DTC or Cede, of any amount with respect to the principal of, redemption premium, if any, or interest on such Bonds. The Authority and the Trustee may treat as, and deem DTC to be, the absolute registered Holder of each such Bond for the purpose of (i) payment of the principal of, redemption premium, if any, and interest on each such Bond, (ii) giving notices with respect to such Bonds, (iii) registering transfers with respect to the Bonds and (iv) for all other purposes whatsoever. The Trustee shall pay the principal of, redemption premium, if any, and interest on such Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to such principal of, redemption premium, if any, and interest to the extent of the sum or sums so paid. No Person other than DTC shall receive a Bond certificate evidencing the obligation of the Authority to make payments of principal thereof, redemption premium, if any, and interest thereon pursuant to this Bond Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions hereof, the word "Cede" in this Bond Resolution shall refer to such new nominee of DTC.

(c) (1) DTC may determine to discontinue providing its services with respect to any Series of Bonds at any time by giving written notice to the Authority and discharging its responsibilities with respect thereto under applicable law. Upon receipt of such notice, the Authority shall promptly deliver a copy of same to the Trustee.

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

(3) Upon the termination of the services of DTC with respect to all or any portion of such Bonds pursuant to subsection (c)(2)(i) or (c)(2)(ii)(A) hereof, or upon the discontinuance or termination of the services of DTC with respect to all or any portion of such Bonds pursuant to subsection (c)(1) or subsection (c)(2)(ii)(B) hereof, after which no substitute

securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, such Bonds (or the applicable portion thereof) shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging such Bonds, as the case may be, shall designate, in accordance with the provisions of this Bond Resolution. Upon the determination by any party authorized herein that such Bonds (or any portion thereof) shall no longer be limited to book-entry form, the Authority shall immediately advise the Trustee, in writing, of the procedures for transfer of such Bonds from such book-entry form to a fully registered form.

- (d) Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Series of Bonds is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal of, redemption premium, if any, and interest on, and all notices with respect to, such Bonds shall be made and given, respectively, to DTC as provided in the Letter of Representations of the Authority and the Trustee, addressed to DTC, with respect to such Bonds.
- (e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Bond Resolution by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

**Section 205. Additional Bonds.** 1. One or more Series of Additional Bonds may be authorized and delivered, upon original issuance for the purpose of paying the Cost of any Additional Project. The Additional Bonds of any such Series shall be authenticated and delivered by the Trustee only upon receipt by it of the documents and moneys required by Section 202 hereof and an executed loan agreement or amendment to the Loan Agreement between the Township and the Authority containing the following terms and provisions:

- (a) the Loan Term for the Additional Project the Cost of which is being financed with the proceeds of such Series of Additional Bonds, pursuant to such loan agreement or amendment will commence on the date of the initial issuance of any Bonds issued to finance such Additional Project;
- (b) the Township will pay to the Authority: (i) on a specified date preceding an Interest Payment Date of the Series of Additional Bonds issued with respect to the Additional Project, an amount equal to the Debt Service on such Series of Additional Bonds; (ii) an amount necessary to make up deficiencies in the Debt Service Fund, if any; and (iii) an amount necessary to pay annual Authority Administrative Expenses and the Initial



Authority Financing Fee relating to the Additional Project and the fees and expenses of the Authority, Trustee and Paying Agent for the Series of Additional Bonds issued for such Additional Project; provided that, with respect to the payments referred to clause (i) above, the required amounts may be reduced to the extent of amounts available therefor from the proceeds of the Series of Additional Bonds or investment income on any funds;

- (c) the obligation of the Township to make the payments required under such loan agreement or amendment is absolute and unconditional without any rights of setoff, recoupment or counterclaim against the Authority, the Trustee or any other Person whether or not the Additional Project is operated or used or occupied by the Township;
- (d) a certified copy of the resolution or ordinance of the Township consenting to the issuance of such Series of Additional Bonds and authorizing and pledging to annually appropriate general fund moneys, including the repayment of the Loan Payment obligations incurred with respect to the issuance of such Series of Additional Bonds;
- (e) executed copies of amendments to the Loan Agreement with the Township certified to as being in full force and effect by an Authorized Authority Representative and an Authorized Township Representative; and

2. The proceeds, including accrued interest, of the Series of Additional Bonds shall be applied simultaneously with the delivery of such Series of Additional Bonds, as provided in the Supplemental Resolution authorizing such Series.

**Section 206. Refunding Bonds.** 1. One or more Series of Refunding Bonds may be authorized and delivered upon original issuance to refund all or any portion (as determined by the Authority) of the callable maturities of any portion of any Outstanding Bonds or any Series thereof, including one or more maturities within such Series of Bonds, upon compliance with the terms and conditions set forth in subsection 2 of this Section 206 and in Section 202 hereof.

2. Prior to or simultaneously with the delivery of each such Series of Refunding Bonds pursuant to subsection 1 of this Section 206, the Trustee shall receive, in addition to the items required by Section 202 hereof:

- (a) a certified copy of the ordinance or resolution of the Township consenting to the issuance of such Series of Refunding Bonds and pledging the full faith and credit of the Township to the punctual payment of the Loan Payment obligations incurred with respect to the issuance of such Series of Refunding Bonds;
- (b) irrevocable written instructions to the Trustee, satisfactory to it, to give due notice of redemption of all or any portion of the Outstanding Bonds (or any Series thereof), if any, to be redeemed on a redemption date specified in such instructions;

- (c) if the Bonds to be refunded are not by their terms subject to redemption within the next succeeding sixty (60) days, irrevocable written instructions to the Trustee, satisfactory to it, to make due provision for the notice provided for in Section 405 to the Holders of such Bonds being refunded, except in the case where any Series of Bonds is not by its terms subject to redemption;
- (d) either: (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the those Bonds, if any, to be refunded and redeemed or the principal amount of those Bonds, if any, to be refunded and paid at maturity, together with accrued interest on such Bonds to be refunded to the redemption or maturity date, which moneys shall be held by the Trustee, or any one or more of the Paying Agents, in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) Investment Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to comply with the provisions of subsection 2 of Section 1301, and any moneys required pursuant to said subsection 2, which Investment Securities and moneys shall be held in trust and used only as provided in said subsection 2 and including a verification report to the same effect;
- (e) executed copies of amendments to the Loan Agreement certified to as being in full force and effect by an Authorized Authority Representative and an Authorized Township Representative; and

3. The proceeds, including accrued interest, of the Refunding Bonds of such Series shall be applied simultaneously with the delivery of such Refunding Bonds, as provided in the Supplemental Resolution authorizing such Refunding Bonds.

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## ARTICLE III

### GENERAL TERMS AND PROVISIONS OF BONDS

#### **Section 301. Obligation of Bonds; Medium of Payment; Form and Date.**

1. The Bonds shall be direct, special and limited obligations of the Authority payable, with respect to principal or Redemption Price and interest, solely from Revenues and secured by the Pledged Property, which under the Act and this Bond Resolution may be used for the payment of principal or Redemption Price of and interest on the Bonds.

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

3. All Bonds of each Series shall be issued in the form of fully registered Bonds. The Bonds of each Series shall be substantially in the form required by Article XIV hereof or substantially in the form set forth in the Supplemental Resolution authorizing such Series.

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

5. The Series 2016 Bonds upon original issuance shall be dated as provided in this Bond Resolution. Additional Bonds shall be dated as provided in a Supplemental Resolution. Principal of the Bonds shall be payable at maturity upon presentation and surrender thereof at the office of the Paying Agent. Bonds shall bear interest as provided herein or in the Supplemental Resolution authorizing such Series of Bonds, payable by check, except as provided in Section 203(6) and Section 204 hereof, to Registered Owners of such Bonds as of the Record Date provided for such Bonds at their addresses on file with the Trustee who shall be designated the Bond Registrar hereunder. After original issuance, all Bonds exchanged or transferred shall bear an authentication date that shall be the date authenticated. Interest on Bonds shall accrue from the Interest Payment Date to which interest has been paid next preceding the authentication date unless: (i) the date of authentication is also an Interest Payment Date to which interest has been paid, in which event such Bonds shall be dated and shall bear interest from the date of authentication; or (ii) the date of authentication is prior to the first Interest Payment Date, in which event such Bonds shall bear interest from the original dated date of such Bonds; provided however that if, as shown on the records of the Trustee, interest on the Bonds of any Series shall be in default, Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered.

**Section 302. Legends.** The Bonds of each Series may contain or may have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Bond Resolution or a Supplemental Resolution as may be necessary or desirable to comply with the custom or rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the Authority prior to the authentication and the delivery thereof.

**Section 303. Execution of Bonds.** The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman or Vice Chairman and its corporate seal shall be thereunto affixed, imprinted or otherwise reproduced and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Authority. In the event any officer who shall have signed, sealed or attested any of the Bonds shall cease to be such officer of the Authority before the Bonds so signed, sealed or attested shall have been authenticated and delivered by the Trustee or by the Bond Registrar, such Bonds nevertheless may be authenticated and delivered as herein provided as if the Person who so signed, sealed or attested such Bonds had not ceased to be such officer. Any Bond of a Series may be signed, sealed or attested on behalf of the Authority by any Person who shall hold the proper office at the date of such act, notwithstanding at the date of such Bonds such Person may not have held such office.

**Section 304. Authentication of Bonds.** The Bonds of each Series shall bear thereon a certificate of authentication, substantially in the form set forth in Section 1402 hereof, duly executed upon issuance by the Trustee or the Bond Registrar. Only such Bonds as shall bear thereon such certificate of authentication, duly executed, shall be entitled to any right or benefit under this Bond Resolution. No Bond shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall have been duly executed by the Trustee, or by the Bond Registrar, as the case may be. Such certificate of authentication by the Trustee or by the Bond Registrar, as the case may be, upon any Bond executed on behalf of the Authority shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under this Bond Resolution and that the Holder thereof is entitled to the benefit of this Bond Resolution.

**Section 305. Transfer, Exchange and Registry of Bonds and Agency Therefor.** 1. The Authority shall cause and hereby appoints the Bond Registrar as its agent to maintain and to keep books for the registration, the exchange and the transfer of Bonds. Upon presentation of Bonds for transfer or exchange at the designated office of the Bond Registrar, together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Holder or by his attorney duly authorized in writing, the Bond Registrar shall register or shall cause to be registered and shall permit to be transferred thereon or to be exchanged any Bond entitled to registration, transfer or exchange. Upon the transfer or exchange of any Bond, the Authority shall execute, and the Trustee or the Bond Registrar shall authenticate and shall deliver a new Bond or Bonds of such Series in any Authorized Denomination registered in the name of the Holder or transferee of the same aggregate principal amount, Series designation and maturity as the surrendered Bond.

2. The Authority and each Fiduciary may deem and treat the Person in whose name any Bond shall be registered upon the books of the Authority as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on such Bond 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 Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary. The Authority agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without

gross negligence or willful misconduct under this Bond Resolution, in so treating such Registered Owner.

3. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Bond Registrar and canceled or retained by the Bond Registrar. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Authority nor the Bond Registrar shall be required: (i) to exchange or transfer the Bonds of any Series for a period beginning on the Record Date next preceding an Interest Payment Date for Bonds of a particular Series and ending on such Interest Payment Date, or for a period of fifteen (15) days next preceding the date (as determined by the Trustee) of any selection of Bonds to be redeemed and thereafter until after the mailing of the notice of redemption; or (ii) to transfer or exchange any Bonds called for redemption.

**Section 306. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds.**

In case any Outstanding Bond shall be mutilated, destroyed, stolen or lost, the Authority shall execute and the Trustee or the Bond Registrar, as the case may be, shall authenticate and shall deliver a new Bond, of like tenor, number, Series designation and amount as the Bond so mutilated, destroyed, stolen or lost in exchange and in substitution for and upon surrender of such mutilated Bond or in lieu of and in substitution for the Bond, if any, destroyed, stolen or lost upon filing with the Trustee and the Bond Registrar evidence satisfactory to the Authority, the Trustee and the Bond Registrar that such Bond had been destroyed, stolen or lost and proof of ownership thereof, upon furnishing the Authority, the Trustee and the Bond Registrar with indemnity satisfactory to them, upon paying such expenses as the Authority, the Trustee and the Bond Registrar may incur in connection therewith and upon complying with such other reasonable regulations as the Authority, the Trustee and the Bond Registrar may prescribe. In lieu of reissuing a mutilated, destroyed, lost or stolen Bond that is due and payable, the Trustee and the Bond Registrar may pay the amount due on such Bond to the Owner or the Holder thereof, provided all the other requirements of this Section 306 have been met. Any Bond surrendered for transfer shall be canceled by the Trustee. Any such new Bonds issued pursuant to this Section 306 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Bond Resolution, in any moneys or securities held by the Authority or any Fiduciary for the benefit of the Bondholders.

**Section 307. Temporary Bonds.**

Until the definitive Bonds are prepared, the Authority may execute in the same manner as is provided in Section 303 hereof and, upon the request of the Authority, the Trustee or Bond Registrar shall authenticate and shall deliver in lieu of definitive Bonds but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in Authorized Denominations and with such omissions, insertions and variations as may be appropriate to temporary Bonds for notation thereon of the payment of such interest. The Authority at its own expense shall prepare and shall execute and, upon the surrender for exchange and for cancellation of such temporary Bonds, the Trustee or the

Bond Registrar shall authenticate and shall deliver in exchange therefor definitive Bonds of the Authority without charge to the Holder thereof.

**Section 308. Payment of Interest on Bonds; Interest Rights Preserved.** 1. Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Bond is registered at the close of business on the Record Date or any date which is the fifteenth (15th) day next preceding an Interest Payment Date as shall be provided in a Supplemental Resolution authorizing any Series of Bonds.

2. Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (hereinafter "**Default Interest**") shall forthwith cease to be payable to the Registered Owner on the relevant Record Date by virtue of having been such Owner; and such Default Interest shall be paid by the Authority to the Persons in whose names the Bonds are registered at the close of business on a date (hereinafter the "**Special Record Date**") for the payment of such Default Interest, which shall be fixed in the following manner. The Authority shall notify the Trustee, in writing, of the amount of Default Interest proposed to be paid on each Bond and the date of the proposed payment ("**Default Interest Payment Date**") (which date shall be not less than twenty-five (25) days after such notice), and at the same time the Authority shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Default Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Default Interest herein provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Default Interest, which Special Record Date shall be not more than fifteen (15) nor less than ten (10) days prior to the Default Interest Payment Date, and which Special Record Date shall be fixed by the Trustee within ten (10) days after the receipt by the Trustee of the notice of the proposed payment from the Authority. The Trustee shall promptly notify the Authority of such Special Record Date and Default Interest Payment Date and, in the name and at the expense of the Authority, shall cause notice of the proposed payment of such Default Interest and the Special Record Date and Default Interest Payment Date therefor to be mailed, first class postage prepaid, to each Bondholder at his address as it appears in the registry books, not less than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section 308, each Bond delivered under this Bond Resolution upon transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

**Section 309. Cancellation and Destruction of Bonds.** All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment is made, and such Bonds shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Trustee.

## ARTICLE IV

### REDEMPTION OF BONDS

**Section 401. Privilege of Redemption and Redemption Price.** Bonds subject to redemption prior to maturity pursuant to this Bond Resolution or a Supplemental Resolution shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms, in addition to the terms contained in this Article IV, as may be specified in the Award Certificate pertaining to the Series 2016 Bonds and the Supplemental Resolution authorizing Refunding Bonds or in the Award Certificate pertaining to such Series of Refunding Bonds. The written consent of the Township to effectuate a redemption of any Series of Bonds shall be received by the Authority prior to the redemption of a particular Series of Bond, except for the redemption of Bonds pursuant to mandatory sinking fund redemption. A copy of such written consent of the Township shall be received by the Trustee prior to the mailing of the notice of redemption in accordance with Section 405 hereof. Except as may be otherwise provided in a Supplemental Resolution authorizing a Series of Bonds or in the Award Certificate pertaining to such Series of Bonds, any Series of Bonds may be redeemed in whole or in part on any date by the Authority, at the written direction of the Township, in accordance with this Bond Resolution or a Supplemental Resolution or Award Certificate, as applicable.

**Section 402. Redemption at the Election or Direction of the Authority.** In the case of any redemption of Bonds (including any Series thereof) by the Authority, at the written direction of the Township, the Authority shall give written notice to the Trustee of the election or direction of the Township to so redeem, except for the redemption of Bonds pursuant to mandatory sinking fund redemption, in accordance herewith, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority, upon the written consent of the Township, subject to any limitations with respect thereto contained in this Bond Resolution). Such notice shall be given at least sixty (60) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount in cash or noncallable Investment Securities which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued thereon and unpaid to the redemption date, all of the Bonds to be so redeemed. The Authority shall promptly notify the Trustee, in writing, of all such payments by it to such Paying Agents.

**Section 403. Redemption Otherwise Than at the Authority's Election or Direction.** Whenever by the terms of this Bond Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Authority, provided that if such redemption is required to be consented to, in writing, by the Township, such written consent has been delivered to the Trustee, the Trustee shall: (i) select the Bonds or portions of Bonds to be redeemed; (ii) give the notice of redemption; and (iii) pay out of moneys available therefor the Redemption Price thereof, plus interest accrued thereon and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV.

**Section 404. Selection of Bonds to be Redeemed.** Unless otherwise provided in this Bond Resolution, if less than all of the Bonds of a Series of like maturity shall be called for prior redemption, the particular Bonds or portions of Bonds of a Series to be redeemed shall be selected at random by the Trustee; provided, however, that the portion of any Bond of a Series of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and that, in selecting portions of such Bonds of a Series for redemption, the Trustee shall treat each such Bond of a Series as representing that number of Bonds of such Series of \$5,000 denomination which is obtained by dividing by \$5,000 the principal amount of such Bond of the Series to be redeemed in part.

**Section 405. Notice of Redemption.** When the Trustee shall receive notice from the Authority of the election or direction of the Township to redeem Bonds pursuant to Section 402 hereof, except for the redemption of Bonds pursuant to mandatory sinking fund redemption, and when redemption of Bonds is authorized or required pursuant to Section 403 hereof and the Trustee shall have received written notice from the Township of its consent to the redemption of the Bonds, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series designation and maturities of the Bonds to be redeemed, the Redemption Price, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Trustee, via first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to the Registered Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses appearing upon the registry books. Failure to give notice by mail, or any defect in the notice to the Registered Owner of any Bonds which are to be redeemed, shall not affect the validity of the proceedings for the redemption of any other Bonds.

Any notice of redemption of the Bonds may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the Redemption Price, together with interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time to and including the redemption date if such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds being on deposit with the Paying Agent to pay the Redemption Price on the redemption date, the corresponding conditional notice of redemption shall be deemed to have been revoked *nunc pro tunc* and shall be deemed to be null and void as if never given and such Bonds or portions thereof shall continue to bear interest until paid at maturity at the same rate as they would have borne had they not been called for redemption.

The Trustee shall comply with any notice or other requirements of DTC to effectuate a redemption of Bonds. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.



**Section 406. Payment of Redeemed Bonds.** Notice having been given in the manner provided in Section 405 hereof, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued thereon and unpaid to the redemption date and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued thereon and unpaid to the redemption date. If there shall be called for redemption less than all of a Bond of like Series, the Authority shall execute and the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bonds so surrendered, fully registered Bonds of like Series and maturity in any Authorized Denominations.

If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest thereon to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date and if a notice of redemption shall have been given as aforesaid, then from and after the redemption date interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such notice of redemption shall be rescinded by the Trustee, and shall be deemed to be null and void as if never given and such Bonds or portions thereof shall continue to bear interest until paid at maturity at the same rate as they would have borne had they not been called for redemption.

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## ARTICLE V

### ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

**Section 501. The Pledge Effected by This Bond Resolution and Security for the Bonds.** 1. There is hereby pledged and assigned as security for the payment of the principal of, redemption premium, if any, and interest on the Bonds issued in anticipation thereof in accordance with their terms and the provisions of this Bond Resolution, subject only to the provisions of this Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Resolution, all of the Pledged Property.

2. All Pledged Property shall immediately be subject to the lien of the pledge made herein for the benefit of the Bondholders without any physical delivery thereof or further act, or any filing, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof.

3. The Bonds shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the Loan Agreement, the Township, and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the Loan Agreement, the Township, or be or constitute a pledge of the faith and credit of the State or of any political subdivision thereof other than, as applicable under and limited by the Loan Agreement, the Township. Neither the State nor any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the Loan Agreement, the Township, is obligated to pay the principal of and interest on the Bonds and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof other than, as applicable under and limited by the Loan Agreement, the Township, is pledged to the payment of the principal of and interest on the Bonds, but all Bonds shall be payable solely from Revenues or funds pledged or available for their payment, including any funds available under the Loan Agreement, as authorized in the Act.

4. The Authority hereby assigns its right to receive all Revenues, including all amounts to be received by the Authority from the Township under the Loan Agreement (except for Additional Loan Payments), to the Trustee for the benefit of the Bondholders and covenants and directs the Township, pursuant to the Loan Agreement, to pay all such Loan Payment amounts (except for Additional Loan Payments) directly to the Trustee.

5. Nothing contained in this Section 501 shall be deemed a limitation upon the authority of the Authority to issue bonds, notes or other obligations under the Act secured by revenues and funds other than the Pledged Property including, without limitation, bonds, notes or other obligations secured by Federal or State grants.

**Section 502. Establishment of Funds.** The following Funds are hereby created and established:

- (1) Acquisition Fund, including Accounts established therein to be held by the Trustee, on behalf of the Authority;
- (2) Revenue Fund, including Accounts established therein to be held by the Trustee, on behalf of the Authority;
- (3) Operating Fund, including Accounts established therein to be held by the Trustee, on behalf of the Authority;
- (4) Proceeds Fund, including Accounts established therein to be held by the Trustee, on behalf of the Authority;
- (5) Debt Service Fund, including Accounts established therein for the Series 2016 Bonds and for any other Series of Refunding Bonds, to be held by the Trustee;
- (6) Debt Retirement Fund, including Accounts established therein for the Series 2016 Bonds and for any other Series of Additional Bonds, to be held by the Trustee; and
- (7) Rebate Fund, including Accounts established therein for each Series of the Series 2016 Bonds and for any other Series of Refunding Bonds, to be held by the Trustee, on behalf of the Authority.

The Trustee may designate for each Fund or Account established hereunder such number, letter or symbol as may be necessary to distinguish such Funds or Accounts from other Funds and Accounts of the Authority held by the Trustee for any Series of Bonds.

**Section 503. Acquisition Fund.** 1. There shall be established within the Acquisition Fund a separate Account for the Series 2016 Bonds and the 2016 Project.

2. There shall be paid into such Account: (i) the amounts required to be so paid by the provisions of this Bond Resolution or applicable Supplemental Resolutions, including any proceeds from the issuance of the Series 2016 Bonds in accordance with Section 203(8)(c) hereof; (ii) any Proceeds received with respect to the 2016 Project pursuant to Sections 7.06 and 7.07 of the Loan Agreement; (iii) amounts received from the Township pursuant to Section 4.11 of the Loan Agreement and subsection six (6) of this Section 503; (iv) amounts received from the Township from the conveyance or exchange of facilities and/or equipment constituting part of the 2016 Project previously acquired with the proceeds of the Series 2016 Bonds and applied pursuant to Section 6.06(C)(i) of the Loan Agreement; and (v) at the option of the Authority at the written direction of the Township, any moneys received by the Authority or the Township for, or in connection with, the 2016 Project from any other source, unless required to be otherwise applied in accordance with this Bond Resolution. All amounts in the Acquisition Fund shall be applied in the following order and priority: (i) to pay the Costs of the 2016 Project or an Additional Project, or to reimburse the Township for any Costs of the 2016 Project or an Additional Project paid by it in accordance with a reimbursement resolution adopted by the

Township, and (ii) to the extent not otherwise utilized, moneys in the Acquisition Fund shall be transferred to the Debt Service Fund and applied by the Trustee in accordance with subsection (4) of this Section 503.

3. The Authority shall authorize the Trustee to make payments from the Acquisition Fund for the Cost of the 2016 Project or an Additional Project in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this subsection (3). Before any such payment shall be made, there shall be filed by the Township with the Trustee: a requisition therefor, which requisition shall be substantially in the form set forth in Exhibit B to the Loan Agreement, signed by an Authorized Township Representative and approved by an Authorized Authority Representative (which approval shall not be unreasonably withheld), stating in respect of each payment to be made: (i) the requisition number; (ii) that such payment is to be made from the Acquisition Fund; (iii) the name and address of the Person to whom payment is to be made by the Trustee, or if payment is to be made to the Township for a reimbursable advance, the name and address of the Person to whom such advance was made together with proof of payment by the Township; (iv) the amount to be paid, which amount represents the payment due to the Person referenced in clause (iii) above, or 100% of the payment previously made by the Authority or Township; (v) the particular item of Cost to be paid to which the requisition relates; (vi) that each obligation, item of Cost or expense mentioned therein has been properly incurred, is an item of Cost of the 2016 Project, is unpaid or unreimbursed, and is a proper charge against the Acquisition Fund and has not been the basis of any previously paid withdrawal or requisition; (vii) that the public contracts bidding laws applicable to the contract pursuant to which payment is being requested have been complied with, if any; (viii) if such payment is a reimbursement to the Township or the Authority for Costs or expenses incurred by reason of work performed or supervised by officers or employees of the Authority or the Township, that the amount to be paid does not exceed the actual cost thereof to the Township or Authority; (ix) that no uncured Event of Default has occurred under the Loan Agreement (as defined under Section 8.01 thereof) or under this Bond Resolution and everything then required to be performed by the Township has been performed; (x) neither the Township nor the Authority has received notice of any lien, right to lien or attachment upon, or other claim affecting the right to receive payment of, any of the moneys payable under such requisition to any of the Persons named therein or, if any of the foregoing has been received, it has been released or discharged or will be released or discharged upon payment of the requisition; and (xi) in the event there are not sufficient funds available to pay such requisition from the maturity of any Investment Securities, instructions specifying the Investment Security or Securities which should be liquidated for the payment thereof. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method, arrange to make the payment required by such requisition. The Trustee shall have no obligations hereunder and may rely on the requisition if properly signed.

4. The completion of the 2016 Project or any Additional Project by the Township shall be evidenced by a certificate or certificates signed by an Authorized Township Representative which shall be in substantially the form set forth in Exhibit C to the Loan Agreement, and which shall be delivered and filed with the Trustee and the Authority, stating: (i) that such 2016 Project or Additional Project is complete or has been substantially completed; (ii) the date of completion of the 2016 Project or Additional Project; (iii) the Cost of all labor, services, materials and supplies used in the 2016 Project or Additional Project have been paid or will be paid from amounts retained by the Trustee, at the Authority's or the Township's direction,

for any Cost of the 2016 Project and the amount, if any, required, in the opinion of the signer or signers, for the payment of any remaining part of the Cost of the 2016 Project or Additional Project or any portion thereof, not then due and payable or, if due and payable, not yet paid, (iv) the 2016 Project or Additional Project is an authorized "project" under the Act, and (v) all permits, including a Certificate of Occupancy, if required, necessary for the utilization of the 2016 Project or Additional Project have been obtained and are in effect. Upon the filing of such Completion Certificate, the balance in the Acquisition Fund in excess of the amount, if any, stated in such Completion Certificate shall be transferred by the Trustee for deposit at the written direction of an Authorized Township Representative (a copy of which Completion Certificate shall also be provided by the Township to the Authority), in either: (i) the Debt Retirement Fund for application to the retirement of Series 2016 Bonds or applicable series of Additional Bonds by purchase or redemption; or (ii) the Debt Service Fund. If, subsequent to the filing of such certificate, it shall be determined that any amounts specified in such certificate as being required for the payment of any remaining part of the Cost of the 2016 Project are no longer so required, such fact shall be evidenced by a certificate or certificates signed by an Authorized Township Representative delivered and filed with the Trustee and the Authority stating such fact and the amount no longer required to be paid, and any amount shown therein as no longer being required shall be transferred to the Trustee for application as provided in the preceding sentence. Notwithstanding the foregoing, such Completion Certificate shall state that it is given without prejudice to any rights against third parties which exist as of the date of such certificate or which may subsequently come into being.

5. Any damages or other moneys from any contractor, subcontractor, manufacturer, supplier or any party to any contract for the 2016 Project or its surety due and owing to the Township pursuant to Section 4.10 of the Loan Agreement shall be paid to the Trustee for deposit in the Acquisition Fund (in accordance with written instructions from the Authority as directed in writing by the Township) to complete the 2016 Project. Any such moneys not necessary to complete the 2016 Project or not so applied, as stated in a certificate executed by an Authorized Township Representative delivered to the Trustee, shall be transferred by the Trustee to the Proceeds Fund and applied as a credit toward the Township's Loan Payment obligations with respect to the Series 2016 Bonds on the next succeeding Loan Payment Date, in accordance with Section 507(2) and (3) hereof.

6. (a) In the event the Cost to complete the 2016 Project shall exceed the amount available to the Township from the portion of the proceeds of the Series 2016 Bonds allocable thereto and in the event the Township elects to undertake such remaining portions of the 2016 Project, pursuant to Section 4.11 of the Loan Agreement, the Township shall be obligated to pay, as additional payments under Section 5.02(B)(ii) of the Loan Agreement, such sums as may be required to pay the Cost of the 2016 Project in excess of the amount available to the Township from the portion of the proceeds of the Series 2016 Bonds allocable thereto out of funds legally available therefor. Payment of such additional amounts shall be made by the Township at the time or times and in the amount or amounts required for the payment of such excess Cost as the same becomes due and payable. Such additional moneys shall be paid by the Township to the Trustee for deposit in the Acquisition Fund and the Trustee shall pay the Cost thereof in accordance with the procedures outlined in Section 4.03 of the Loan Agreement and subsection (3) of this Section 503.

(b) In the event the Township pays to the Trustee sums needed to fund the balance of the Cost of the 2016 Project in accordance with the provisions of Section 4.11(A) of the Loan Agreement, the Township shall complete Exhibit E attached to the Loan Agreement to reflect: (i) the amount of moneys to be withdrawn from the Acquisition Fund to pay the Cost of the 2016 Project; (ii) the amount of money forwarded to the Trustee by the Township for deposit in the Acquisition Fund to make up the deficiency in such Cost of the 2016 Project; and (iii) the total Cost of the item being requisitioned, which certificate shall be signed by an Authorized Township Representative and approved by an Authorized Authority Representative (which approval shall not be unreasonably withheld) and delivered and filed with the Trustee.

7. Prior to the completion of the 2016 Project, the Trustee shall, upon receipt of a requisition signed by an Authorized Township Representative, advance moneys on deposit in the Acquisition Fund to provide for working capital. The Trustee shall advance such moneys only to the extent that such moneys are not needed to make payment on requisitions for the 2016 Project within the following one hundred twenty (120) days and there are no other funds available to the Township for working capital as certified by an Authorized Township Representative. Repayment by the Township to the Trustee for each such advance is due no later than one hundred twenty (120) days from the date of such advance and the Trustee shall deposit the Township's repayment of any such advance in the Acquisition Fund.

**Section 504. Revenue Fund.** Except as set forth in Sections 505 and 603 hereof, all Revenues shall be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund and shall be applied as set forth in Section 506 hereof. All moneys at any time deposited in the Revenue Fund shall be held in trust for the benefit of the Holders but shall nevertheless be disbursed and applied solely for the uses and purposes set forth in this Article V.

**Section 505. Operating Fund.** 1. Pursuant to an order of the Authority simultaneously delivered to the Trustee upon the original issuance of the Series 2016 Bonds and, thereafter, upon the original issuance of any other Series of Additional Bonds, any proceeds of any such Additional Bonds and Township moneys, as the case may be, representing costs of issuance and the Initial Authority Financing Fee shall be immediately deposited in the Operating Fund. Such amounts shall be paid by the Trustee in accordance with subsection (2) of this Section 505.

2. Amounts deposited in the Operating Fund shall be paid out by the Trustee pursuant to written direction of the Authority and the Township from time to time for costs of issuance and Authority Administrative Expenses, including expenses incurred by the Authority to perform an arbitrage rebate calculation upon requisition therefor submitted to the Trustee and signed by an Authorized Authority Representative stating: (i) the name of the Person to whom each such payment is due; (ii) the respective amounts to be paid; (iii) the purpose by general classification for which each obligation in the stated amounts has been or will be incurred; and (iv) each obligation in the stated amount has been or will be incurred by or on behalf of the Authority and that each item thereof is a proper charge against the Operating Fund and has not been previously paid. To the extent such amounts deposited therein are not spent within ninety (90) days of the Issue Date of the Series 2016 Bonds and any other Series of Additional Bonds, the Trustee shall, without further direction, deposit in the applicable Account of the Debt Service Fund for such Series of Bonds any balance then remaining for such Series of Bonds unless the

Township requests, in writing (with a copy to the Authority), that such balance remain in the Operating Fund for an additional period of time as specified in such request.

3. Amounts paid by the Township as Additional Loan Payments for the performance of an arbitrage rebate calculation pursuant to Section 6.14 of the Loan Agreement and payment of, among other expenses, the annual Authority Administrative Expenses shall be paid to the Trustee and the Trustee shall deposit the same in the Operating Fund. Such amounts shall be paid by the Trustee to the Authority in accordance with subsection (2) of this Section 505.

**Section 506. Payments From the Revenue Fund Into Certain Funds. 1.**

As soon as practicable after the deposit of Revenues into the Revenue Fund, but in any case no later than 3:00 p.m. on the second Business Day immediately following a Loan Payment Date or after the deposit of any Revenues in the Revenue Fund payable by the Township upon demand pursuant to Sections 5.02(A) and (B) of the Loan Agreement, respectively, the Trustee shall credit, but only to the extent the amount in the Revenue Fund shall be sufficient therefor, such Revenues as follows: (i) Revenues representing Loan Payments made by the Township pursuant to Section 5.02(A) of the Loan Agreement, the amount of such payment being in accordance with Exhibit A attached to the Loan Agreement, shall be deposited in the Debt Service Fund in accordance with Section 508 hereof or, in the case of any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, to the Debt Retirement Fund; (ii) Revenues representing moneys received by the Trustee pursuant to the provisions of Section 6.06(C) of the Loan Agreement shall immediately be deposited in the Debt Service Fund and applied in accordance with the provisions of Section 508 hereof, (iii) Revenues representing Additional Loan Payments made by the Township pursuant to Section 5.02(B) of the Loan Agreement including the annual Authority Administrative Expenses shall immediately be deposited in the Operating Fund and applied in accordance with the provisions of Section 505(3) hereof, and (iv) any investment earnings on any moneys held in any Fund and required to be transferred to the Revenue Fund pursuant to the provisions of this Bond Resolution, such that the total balance in the Debt Service Fund shall equal the Debt Service Requirement on each such Series of Bonds for the next respective succeeding Interest Payment Date and Principal Installment Date, as applicable, provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be included in the balance of the Debt Service Fund that amount of such proceeds to be applied in accordance with this Bond Resolution to the payment of interest accrued and unpaid and to accrue on such Series of Bonds to the next Interest Payment Date as set forth in an order of the Authority to the Trustee; provided, however, that so long as there shall be held in the Debt Service Fund an amount sufficient and available to pay in full all Outstanding Bonds of a particular Series in accordance with their terms (including principal thereof and interest thereon) no transfers shall be required to be made from the Revenue Fund to the Debt Service Fund.

2. Revenues consisting of proceeds representing damages or other moneys from any contractor, subcontractor, manufacturer, supplier or surety shall be immediately credited in accordance with Sections 503(5) and 507(2) hereof.

3. All interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment and net of any losses suffered) earned or any gain realized on any moneys or investments in such Funds shall be transferred upon receipt to the Revenue Fund, except that: (i) such net interest earned on any moneys or investments in the Debt

Service Fund shall be held in such Fund for the purposes thereof and shall be paid into such Fund in accordance with the provisions of Section 603(2) hereof and shall be applied in accordance with the provisions hereof; and (ii) interest earned on any moneys or investments in the Acquisition Fund shall be held in the Acquisition Fund until delivery of a Completion Certificate for the 2016 Project or any Additional Project as required by Section 503(4) of this Bond Resolution at which time such moneys shall be applied in accordance with Section 603(2) hereof.

**Section 507. Proceeds Fund.** 1. Revenues paid to the Trustee pursuant to Section 4.10 of the Loan Agreement and Section 503(5) hereof and not necessary to complete the 2016 Project or an Additional Project or not so applied shall be transferred by the Trustee, upon receipt of a certificate of an Authorized Township Representative delivered to the Trustee stating the amount of money to be so transferred, from the Acquisition Fund to the Proceeds Fund and applied as a credit toward the Township's Loan Payment obligations pursuant to subsections (2) and (3) below.

2. Proceeds representing damages or other moneys from any performance bond or surety provided pursuant to Section 4.10 of the Loan Agreement and deposited in the Acquisition Fund in accordance with Section 503(5) hereof and not necessary to complete the 2016 Project or an Additional Project or not otherwise applied to complete the 2016 Project or an Additional Project shall be transferred by the Trustee to the Proceeds Fund. Proceeds on deposit in the Proceeds Fund resulting from such deposits shall be applied by the Trustee as a credit toward the amount of Loan Payments owed by the Township on each Loan Payment Date for the payment of Debt Service on the applicable Series of Bonds by the transfer of such proceeds to the Debt Service Fund as set forth in a certificate of an Authorized Township Representative filed with the Trustee at the time of the deposit of the proceeds into the Proceeds Fund.

3. To the extent moneys in the Debt Service Fund are sufficient to satisfy the amount of Loan Payments due and owing by the Township for a Bond Year, any such proceeds on deposit in the Proceeds Fund, or any other Revenues deposited therein, shall remain in the Proceeds Fund and shall be transferred thereafter into the Debt Service Fund on each Loan Payment Date for the payment of Debt Service on the applicable Series of Bonds until such proceeds or any other Revenues are exhausted. The application of such proceeds or any other Revenues deposited therein in accordance herewith shall be credited toward the Loan Payments due and owing from the Township in any Bond Year. Any such proceeds or any other Revenues deposited in the Proceeds Fund shall be invested, subject to such yield restrictions as shall be directed to the Trustee, in writing, by an Authorized Authority Representative, upon written direction of an Authorized Township Representative, in consultation with Bond Counsel.

**Section 508. Debt Service Fund.** 1. Pursuant to Section 506(1)(a) hereof, Revenues representing Loan Payments from the Township deposited in the Revenue Fund on any Loan Payment Date shall be transferred to and deposited in the Debt Service Fund not later than 3:00 p.m. on the first Business Day thereafter by the Trustee. Not later than 3:00 p.m. on the first Business Day after any Loan Payment Date, the Trustee shall determine whether the amounts on deposit in the Debt Service Fund, after all Revenues representing Loan Payments from the Township originally deposited in the Revenue Fund and transferred to and deposited in the Debt Service Fund in accordance with the provisions hereof, are sufficient to meet the Debt Service Requirements on all Outstanding Bonds for the next succeeding Interest Payment Date



and Principal Installment Date, as applicable. Subject to, and after the application of the provisions of Section 509 hereof, in the event such amounts in the Debt Service Fund are insufficient to meet such Debt Service Requirement on the Outstanding Bonds, the Trustee shall give written notice thereof, by facsimile transmission in accordance with Section 1312 hereof, to the Authority and the Authorized Township Representative of such deficiency no later than 4:00 p.m. on the first Business Day after such Loan Payment Date, which notice shall state the amount of such deficiency as at the close of business on any Loan Payment Date and that such deficiency must be cured no later than the next ensuing Interest Payment Date and Principal Installment Date, as applicable. The notice to the Authorized Township Representative and the Authority shall also include the amount of the Interest Payment and Principal Installment, as applicable, due and payable and the amount required to be paid by the Township to cure such deficiency and to enable the Trustee to make a Debt Service payment on the Outstanding Bonds on the next ensuing Interest Payment Date or Principal Installment Date, as applicable. The receipt of any such notice by the Authorized Township Representative shall be acknowledged by the Authorized Township Representative to the Trustee within one (1) Business Day after receipt thereof. If the nonpayment of the Township is not cured by the applicable Interest Payment Date or Principal Installment Date, as applicable, the Township, pursuant to its general obligation *ad valorem* pledge, shall pay to the Trustee, not later than such Interest Payment Date and Principal Installment Date, as applicable, any and all amounts required to pay Debt Service on the Outstanding Bonds.

2. (i) On each Interest Payment Date, the Trustee shall make available to the Paying Agent from moneys available in the Debt Service Fund an amount which equals the interest on each Series of Outstanding Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such interest on the Interest Payment Date; and (ii) on the Principal Installment Date of each Series of Outstanding Bonds, the Trustee shall make available to the Paying Agent from moneys in the Debt Service Fund an amount equal to the principal of each Series of Outstanding Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such principal on the Principal Installment Date. The Trustee may also pay out of the Debt Service Fund the accrued interest included in the purchase price of each Series of Outstanding Bonds, pursuant to the provisions of subsection (3) below.

3. The amount, if any, deposited in the Debt Service Fund representing accrued interest, if any, on the proceeds of any Series of Bonds, shall be set aside in such Fund and applied, in accordance with written instructions of the Authority delivered to the Trustee prior to the authentication of such Series of Bonds, to the payment of accrued interest on such Series of Bonds as the same becomes due and payable.

4. In the event of the refunding of any Bonds, the Trustee shall, if an Authorized Authority Representative so directs, in writing, withdraw from the Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Series of Bonds being refunded, and set aside such amounts to be held in trust as set forth in such written direction; provided that such withdrawal shall not be made unless: (i) immediately thereafter the Series of Bonds being refunded shall be deemed to have been paid pursuant to Section 1301(2) hereof; and (ii) the amount remaining in the Debt Service Fund, after giving effect to the issuance of the Refunding Bonds and the disposition of the proceeds thereof, shall not be less than the requirement of such Fund pursuant to subsection (1) of this Section 508 with

respect to the Debt Service Requirement on each Outstanding Series of Bonds and Section 506 hereof.

6. The amount, if any, deposited in the Debt Service Fund representing capitalized interest on a Series of Bonds, if any, shall be set aside and applied, in accordance with the written instructions of the Authority delivered to the Trustee prior to the authentication of such Series of Bonds, to the payment of interest due thereon on each Interest Payment Date for the period of time specified in such written instructions.

7. Revenues representing moneys received by the Trustee pursuant to the provisions of Section 6.06 of the Loan Agreement and deposited in the Debt Service Fund shall immediately be applied to the payment of Debt Service on the applicable Series of Bonds on the next ensuing Interest Payment Date or Principal Installment Date, as applicable. To the extent such moneys cannot be used to pay Debt Service on such Series of Bonds within thirteen (13) months of deposit, such moneys shall be transferred to the Proceeds Fund and applied in accordance with the provisions of Section 507(3) hereof.

**Section 509. Debt Retirement Fund.** 1. Subject to the limitations contained in subsection (4) of this Section 509, if, on any Loan Payment Date prior to any Interest Payment Date or Principal Installment due date, as the case may be, the amount on deposit in the Debt Service Fund shall be less than the amount required to be in such Fund pursuant to subsection (1) of Section 506, the Trustee shall transfer from the Debt Retirement Fund to the Debt Service Fund an amount (or all of the moneys in the Debt Retirement Fund if less than the amount required) which will be sufficient to make up such deficiency.

2. To the extent not required to make up a deficiency as required in subsection (1) of this Section 509, amounts in the Debt Retirement Fund shall be applied, as rapidly as practicable in the case of mandatory redemption, or, at the written direction of an Authorized Township Representative, to the purchase or optional redemption (including redemption premium, if any) of the applicable Series of Bonds.

3. Upon any purchase or redemption pursuant to this Section 509 of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established or delivery to the Trustee for cancellation by the Authority of Bonds of such Series or maturity, there shall be credited toward each such Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Bonds so purchased, redeemed, or delivered for cancellation bears to the total amount of all such Sinking Fund Installments to be credited. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

4. The transfers required by subsection (1) of this Section 509 shall be made from amounts in the Debt Retirement Fund only to the extent that such amounts are not then required to be applied to the redemption of Bonds of such Series for which notice of redemption shall have been given by the Trustee to Bondholders.

**Section 510. Satisfaction of Sinking Fund Installments.** 1. In satisfaction, in whole or in part, of any Sinking Fund Installment, the Authority may deliver to the Trustee at least sixty (60) days prior to the date of such Sinking Fund Installment, for cancellation, Bonds of the Series and maturity entitled to such Sinking Fund Installment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate Redemption Price of such Bonds applicable on the date of such Sinking Fund Installment (or the principal amount thereof if such date be the date of maturity of such Bonds), provided that concurrently with such delivery of such Bonds the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Authority Representative specifying: (i) the principal amount, Series, maturity, interest rate and numbers of the Bonds so delivered; (ii) the date of the Sinking Fund Installment in satisfaction of which such Bonds are so delivered; (iii) the aggregate Redemption Price on the date of such Sinking Fund Installment (or the principal amount in the case of any Series of Bonds which mature on such Sinking Fund Installment date) of any Bonds so delivered, and (iv) the unsatisfied balance of such Sinking Fund Installment after giving effect to the delivery of such Bonds.

2. The Trustee shall, upon receipt of the notice required and in the manner provided in Article IV hereof, call for redemption on the date of each Sinking Fund Installment falling due prior to maturity such principal amount of Bonds of the Series and maturity entitled to such Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

**Section 511. Application of Moneys in the Rebate Fund.** (i) The Authority shall determine or shall cause to be determined the amounts necessary to equal the rebate requirement and shall cause the Township to deposit such amount in the Rebate Fund and the Authority shall transfer or cause to be transferred by the Trustee at such times and to such Person as required by Section 148 of the Code an amount equal to the rebate requirement from the Rebate Fund. To the extent such amounts on deposit in the Rebate Fund are not sufficient to meet the rebate requirement, amounts shall be immediately paid by the Township to the Trustee for deposit in the Rebate Fund.

Notwithstanding anything contained in this Bond Resolution to the contrary, neither the Authority nor the Trustee shall be responsible or liable for any loss, liability, or expense incurred to the extent incurred as a result of the failure of the Township to fulfill its obligations with respect to the calculation and payment of the rebate requirement.

(ii) The Trustee, as directed by an Authorized Authority Representative, shall apply or cause to be applied the amounts in the Rebate Fund at the times and in the amounts required by Section 148 of the Code solely for the purpose of paying the United States in accordance with Section 148 of the Code.

(c) Moneys held in the Rebate Fund shall be invested and reinvested by the Trustee in Investment Securities defined in clause b.(1) of such definition, as shall be directed by an Authorized Authority Representative, upon written direction of the Township, that mature not later than such times as shall be necessary to provide moneys when needed for the payments to be made from such Fund. The interest earned on any moneys or investments in the Rebate Fund shall be retained in such Fund.

(d) Pursuant to the provisions of Section 603(4) hereof, investment earnings from the Revenue Fund and Operating Fund may be deposited in the Rebate Fund upon written direction of an Authorized Authority Representative, upon written direction of the Township, to the Trustee.

**Section 512. Moneys Remaining in Funds and Accounts; Reimbursement of Fiduciary and Authority.** Except as set forth in Section 1302 hereof with respect to unclaimed funds, upon the final maturity of any Series of Bonds issued hereunder, any moneys remaining in the Funds and Accounts held under this Bond Resolution for such Series of Bonds shall be paid to each such Fiduciary (to the extent each such Fiduciary has incurred expenses which remain unpaid or unreimbursed, as the case may be) and the Authority (to the extent the Authority has incurred Authority Administrative Expenses which remain unpaid or unreimbursed, as the case may be), by the Trustee, free and clear of the lien and pledge of this Bond Resolution, to the extent required to reimburse such Fiduciary for such expenses and, thereafter, the balance therein (but not including unclaimed funds resulting from defeased bonds of any Series) shall be paid and shall belong to the Township free and clear of the lien and pledge of this Bond Resolution.

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## ARTICLE VI

### DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

**Section 601. Depositories.** 1. All moneys deposited under the provisions of this Bond Resolution with the Trustee shall constitute trust funds and shall be held in trust and applied only in accordance with the provisions of this Bond Resolution, and each of the Funds and Accounts established by this Bond Resolution shall be a trust fund for the purpose thereof held for the benefit of the Authority and the Township, as applicable. The Authority may deposit such moneys with the Trustee in trust for the Authority and the Township.

2. Any Fiduciary shall be a bank or trust company organized under the laws of the State or any other state or a national banking association having capital stock, surplus and undivided earnings of \$100,000,000 or more and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of this Bond Resolution. No moneys shall be deposited with any Fiduciary in any amount exceeding fifteen percent (15%) of the amount which an officer of such Fiduciary shall certify to the Authority as to the capital stock and surplus of such Fiduciary.

**Section 602. Deposits.** 1. All Revenues and moneys held by the Trustee or a Fiduciary under this Bond Resolution may be placed on demand or time deposit, if and as directed by the Authority, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Authority and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed.

2. All moneys held under this Bond Resolution by the Trustee or any Fiduciary shall be: (i) either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by lodging with the Trustee or any Federal Reserve Bank, as custodian, as collateral security, such securities as are described in clauses b.(1) and (2) of the definition of "Investment Securities" in Section 101 hereof, having a market value at the time of deposit (exclusive of accrued interest) not less than the amount of such moneys; or (ii) secured in such other manner as may then be required by applicable Federal or State laws and regulations and applicable state laws and regulations of the state in which the Trustee or such Fiduciary (as the case may be) is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Fiduciaries to give security under this subsection (2) for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of and interest on any Series of Bonds, or to give security for any moneys which shall be represented by Investment Securities purchased as an investment of such moneys.

3. All moneys deposited with the Trustee shall be credited to the particular Fund or Account to which such moneys belong and, except as provided with respect to the investment of moneys in Investment Securities in Section 603 hereof, the moneys credited to

each particular Fund or Account shall be kept separate and apart from, and not commingled with, any moneys credited to any other Fund or Account or any other moneys deposited with the Trustee.

**Section 603. Investment of Certain Funds.** 1. Moneys held in the Revenue Fund or the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in its money market fund as defined in clause b.(1) of the definition of "Investment Securities" in Section 101 hereof, which Investment Securities shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Moneys held in: (i) the Acquisition Fund; (ii) the Debt Retirement Fund; (iii) the Proceeds Fund; and (iv) the Operating Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Moneys held in the Rebate Fund, if any, shall be invested and reinvested in accordance with the written instructions received from any Authorized Authority Representative, upon the written direction of the Township. The Trustee shall make all such investments of moneys held by it in accordance with written instructions from time to time received from any Authorized Authority Representative, upon the written direction of the Township. In making any investment in any Investment Securities with moneys in any Fund established under this Bond Resolution, the Authority, upon the written direction of the Township, may instruct the Trustee, in writing, to combine such moneys in any other Fund, if permitted hereunder, but solely for purposes of making such investment in such Investment Securities.

2. All interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment and net of any losses suffered) earned or any gain realized on any moneys or investments in such Funds shall be transferred upon receipt to the Revenue Fund and applied in accordance with the provisions of Section 506(3) hereof, except that such net interest earned on any moneys or investments in the Debt Service Fund shall be held in such Fund for the purposes thereof and shall be paid into the Debt Service Fund on a periodic basis at least quarterly or as otherwise shall be directed by the Authority, upon the written direction of the Borough, and applied pursuant to Section 508 hereof. The Trustee shall annually notify the Township and the Authority, in writing, of such application of such interest and earnings transferred to the Revenue Fund. Interest earned on any moneys or investments in the Acquisition Fund shall be held therein until the delivery of a Completion Certificate by an Authorized Township Representative as required by Section 503(4) of this Bond Resolution at which time such moneys shall be applied in accordance with the provisions of the Completion Certificate.

3. In the absence of written investment direction from an Authorized Authority Representative, the Trustee may invest moneys which the Authority has failed to direct in money market funds as defined in clauses b.(2) and (6) of the definition of "Investment Securities" in Section 101 hereof customarily invested in by the Trustee.

4. Notwithstanding anything herein to the contrary, the Authority, upon the written direction of the Township, may direct the Trustee to deposit earnings from the Revenue Fund and the Operating Fund into the Rebate Fund to pay any amounts required to be set aside for rebate to the Internal Revenue Service pursuant to the Code.

5. Nothing in this Bond Resolution shall prevent any Investment Securities acquired as investments of or security for funds held under this Bond Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

6. Nothing in this Bond Resolution shall preclude the Trustee from investing or reinvesting moneys through its bond department; provided, however, that the Authority, upon the written direction of the Township, may, in its discretion, direct that such moneys be invested or reinvested in a manner other than through such bond department.

**Section 604. Valuation and Sale of Investments.** Obligations purchased as an investment of moneys in any Fund or Account created under the provisions of this Bond Resolution shall be deemed at all times to be a part of such Fund or Account and any profit realized from the liquidation of such investment shall be credited to such Fund or Account, and any loss resulting from the liquidation of such investment shall be charged to the respective Fund or Account.

In computing the amount in any Fund or Account created under the provisions of this Bond Resolution for any purpose provided in this Bond Resolution, obligations purchased as an investment of moneys therein shall be valued at the lesser of cost or market value thereof. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such valuation shall be determined on a monthly basis on the basis of monthly statements produced by the Trustee.

Except as otherwise provided in this Bond Resolution, the Trustee shall sell at the best price reasonably obtainable or present for redemption or transfer as provided in the next sentence any obligation so purchased as an investment whenever either shall be requested, in writing, by an Authorized Authority Representative to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or Account held by it. In lieu of such sale or presentment for redemption, the Trustee may, in making the payment or transfer from any Fund or Account mentioned in the preceding sentence, transfer such investment obligations or coupons for interest appertaining thereto if such investment obligations or coupons shall mature or be collectable at or prior to the time the proceeds thereof shall be needed.

Neither the Authority nor the Trustee shall be liable or responsible for any loss resulting from any such investment, sale or presentation for investment made in the manner provided herein.

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## ARTICLE VII

### LOAN TO THE TOWNSHIP

**Section 701. Terms and Conditions for Loan.** The Authority shall loan the proceeds of the Bonds (including the Series 2016 Bonds) to the Township and shall enter into the Loan Agreement with the Township in the manner, on the terms and conditions and upon submission of the documents required by this Article VII.

**Section 702. Form of Loan Agreement.** The Loan Agreement shall be in such form as an Authorized Authority Representative determines, with such changes therein as shall be approved by the Authority, as conclusively evidenced by the execution thereof by an Authorized Authority Representative, provided, however, that the Loan Agreement shall in any event conform in all material respects to the provisions of this Bond Resolution.

**Section 703. Delivery of Documents in Connection With the Loan Agreement.** Prior to or at the execution and delivery of the Loan Agreement with the Township and the closing of a Series of Bonds, the Authority and the Trustee shall have received the following documents:

(i) an opinion of the Township Solicitor and/or Township Bond Counsel to the effect that the Loan Agreement was duly authorized by the Township and is a direct and general obligation of the Township, payable, unless paid from some other source, from the levy of *ad valorem* taxes upon all taxable real property within the jurisdiction of the Township, without limitation as to rate or amount and was duly authorized by the Township and is a valid and binding contractual obligation of the Township;

(ii) a counterpart of the Loan Agreement executed by the Township;

(iii) certified copies of the Loan Ordinance and the authorization proceedings for its adoption by the Township;

(iv) such other certificates, documents, opinions and information as the Authority and Bond Counsel may reasonably require in connection with the execution, delivery and implementation of the Loan Agreement and the issuance of such Series of Bonds.

All opinions and certificates required under this Section 703 shall be dated the closing date of such Series of Bonds and such opinions shall be addressed to the party or parties specified in the bond purchase contract executed by the Authority and the underwriter in connection with the sale and award of such Series of Bonds.

**Section 704. Default Under the Loan Agreement.** The Trustee shall, by 4:00 p.m. on the first Business Day after a Loan Payment Date, immediately notify the Authority and the Authorized Township Representative of the Trustee's failure to receive a Loan Payment



from the Township and of any other event of default under the Loan Agreement known to the Trustee pursuant to the terms hereof.

Notwithstanding the above, the failure of the Trustee to receive any Loan Payment from the Township on any Loan Payment Date shall not cause an Event of Default for the purposes of Article IX of this Bond Resolution or the acceleration of any of the Bonds then Outstanding.

In the event of a default in the Loan Payment due and owing to the Authority by the Township under the Loan Agreement, the Township shall be unconditionally obligated to pay such sum of money due and owing to the Trustee pursuant to its *ad valorem* pledge so as not to cause an Event of Default under Section 901(i) or (ii) hereof and an acceleration of the Bonds.

**Section 705. The Trustee's Obligations.** Subject to the provisions of Section 1003 hereof, the Trustee shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms and conditions of the Loan Agreement including, without limitation, the prompt payment of all Loan Payments and Authority Administrative Expenses, and all other amounts due to the Trustee thereunder, and the observance and performance of all duties, covenants, obligations and agreements thereunder.

The Trustee shall not release the duties, covenants, obligations or agreements of the Township under the Loan Agreement and shall at all times, to the extent permitted by State law, defend, enforce, preserve and protect the rights and privileges of the Authority and the Holders under or with respect to the same; provided, however, that this provision shall not be construed to prevent the Trustee (with the written consent of the Authority) from settling a default under the Loan Agreement on such terms as the Trustee shall determine to be in the best interests of the Authority and the Holders. The Authority hereby appoints the Trustee its agent and attorney-in-fact for purposes of enforcing all rights, title and interests of the Authority under the Loan Agreement, subject to the provisions of this Section 705.

**Section 706. Termination of the Loan Agreement.** Upon the payment in full by the Township of all amounts due under the Loan Agreement, the Trustee shall, at the written direction of the Authority, undertake such actions as shall be required to effectuate the termination provisions of the Loan Agreement including, without limitation, the execution of all relevant documents in connection with such actions.

**Section 707. Files.** After the execution and delivery of the Loan Agreement, the Trustee shall retain all the documents received by it pursuant to this Article VII in connection therewith in a file pertaining to the Loan Agreement, to which file the Trustee shall from time to time add all records and other documents pertaining to Loan Payments and other amounts received by the Trustee under the Loan Agreement and all communications from or received by the Trustee with respect to the Loan Agreement and the Township. Such file shall be kept at the principal corporate trust office of the Trustee and shall be available for inspection by the Authority and the Township at reasonable times and under reasonable circumstances.

**Section 708. Insufficiency of or Failure to Make Loan Payments.** (i) The Loan Agreement shall provide that the Township shall pay on each Loan Payment Date during the Bond Year, Loan Payments which, together with other moneys on deposit in the Debt

Service Fund, will equal the Debt Service Requirement on the Outstanding Bonds on the next succeeding Interest Payment Date or Principal Installment Date, as applicable, during each Bond Year. The Loan Payments due under the Loan Agreement shall be on deposit in the Revenue Fund not later than the Loan Payment Date.

(b) In accordance with Section 508 hereof and subject to and after application of the provisions of Section 509 hereof, in the event the Township has failed to make a Loan Payment on any Loan Payment Date so that the amounts so received by the Trustee and on deposit in the Debt Service Fund are insufficient to meet the Debt Service Requirement on the Outstanding Bonds due on the next ensuing Interest Payment Date or Principal Installment Date, as applicable, the Trustee shall notify the Authority and the Authorized Township Representative, in writing by facsimile transmission in accordance with Section 1312 hereof, of such deficiency in accordance with the provisions of Section 508(1) hereof. Notwithstanding the above, failure of the Trustee to give the notices required hereunder and under Sections 508(1) and 704 hereof or any defect in the notice to the Township shall not relieve the Township of its obligations under the Loan Agreement.

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## ARTICLE VIII

### PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Trustee and the Bondholders as follows:

**Section 801. Payment of Bonds.** The Authority shall duly and punctually pay or cause to be paid, but solely from the Pledged Property, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof.

**Section 802. Extension of Payment of Bonds.** The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under this Bond Resolution, to the benefit of this Bond Resolution or to any payment out of Revenues or Funds established by this Bond Resolution, including the investment thereof, pledged under this Bond Resolution or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to this Bond Resolution) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds pursuant to Section 206 hereof and such issuance shall not be deemed to constitute an extension of maturity of the Bonds to be refunded.

**Section 803. Offices for Servicing Bonds.** The Authority shall at all times maintain one or more agencies in the State, and may maintain one or more such agencies in any other state or states, where Bonds may be presented for payment. The Authority hereby appoints the Trustee, as a Bond Registrar, and the Authority shall at all times maintain one or more agencies where Bonds may be presented for registration or transfer and where notices, demands and other documents may be served upon the Authority in respect of the Bonds or of this Bond Resolution, and the Trustee shall continuously maintain or make arrangements to provide such services.

**Section 804. Further Assurance.** At any and all times the Authority shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee to 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, Revenues and other moneys, securities and Funds hereby pledged, or intended so to be, or which the Authority may become bound to pledge to the payment of the principal or Redemption Price of and interest on the Bonds, including any Series thereof.

**Section 805. Power to Issue Bonds and Pledge Pledged Property.** The Authority is duly authorized under all applicable State laws to create and issue the Bonds, to

adopt this Bond Resolution and to pledge the Pledged Property purported to be subjected to the lien of this Bond Resolution in the manner and to the extent provided in this Bond Resolution. Except to the extent otherwise provided in this Bond Resolution, the Pledged Property so pledged is and will be free and clear of any other pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment created by this Bond Resolution, and all action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of this Bond Resolution are and will be the valid and legally binding special and limited obligations of the Authority. The Authority shall at all times, to the extent permitted by State law, defend, preserve and protect the pledge of the Pledged Property under this Bond Resolution and all the rights of the Bondholders under this Bond Resolution against all claims and demands of all Persons whomsoever.

**Section 806. Creation of Liens.** The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge or assignment of the Pledged Property held or set aside by the Authority or by Fiduciaries under this Bond Resolution, and shall not create or cause to be created any lien or charge on the Pledged Property; provided, however, that nothing contained in this Bond Resolution shall prevent the Authority from issuing, if and to the extent permitted by law, evidences of indebtedness payable out of or secured by a pledge and assignment of the Pledged Property on and after such date as the pledge of the Pledged Property provided in this Bond Resolution shall be discharged and satisfied as provided in Article XIII hereof.

**Section 807. Accounts and Reports.** 1. The Authority shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in accordance with generally accepted accounting principles in which complete and correct entries shall be made of its transactions relating to the amount of Revenues and the application thereof, the expenditure of moneys for the 2016 Project and each Additional Project and each Fund or Account established under this Bond Resolution. All books and papers of the Authority shall, subject to the terms thereof, at all times, upon prior reasonable written notice to the Authority, during regular business hours, be subject to the inspection of the Trustee and the Holders of an aggregate of not less than five percent (5%) in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

2. The Trustee or any Fiduciary shall advise the Authority as soon as practicable after the end of each Month of the respective transactions during such Month relating to each Fund or Account held by it under this Bond Resolution.

3. The Authority shall cause its books and accounts, including annual balance sheets and statements of income and surplus, to be audited annually by an accountant within one hundred twenty (120) days after the close of its Fiscal Year, and, if requested by the Trustee, to file or cause to be filed with the Trustee, and otherwise as provided by law, a copy of the reports of such audits, including statements in reasonable detail of the status of all funds held by the Trustee pursuant to this Bond Resolution and the security therefor and of the Revenues collected. Such Accountant's Certificate shall also state whether or not, to the best of the knowledge and belief of the signer, the Authority is in default with respect to any of the covenants, agreements or conditions on its part contained in this Bond Resolution, and if so, the nature of such default.

4. The Authority shall file or cause to be filed with the Trustee forthwith upon becoming aware of any Event of Default or default in the performance by the Authority of

any covenant, agreement or condition contained in this Bond Resolution, a certificate signed by an Authorized Authority Representative specifying such Event of Default or default and the nature and status thereof.

5. The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of this Bond Resolution shall be available for the inspection of the Bondholders at the principal corporate trust office of the Trustee, who shall file a written request therefor with the Authority. The Authority may charge or cause to be charged each Bondholder requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

**Section 808. Payment of Taxes and Charges.** The Authority will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the Authority or upon the rights, revenues, income, receipts and other moneys, securities and funds of the Authority when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under this Bond Resolution), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Authority shall in good faith contest by proper legal proceedings if the Authority shall in all such cases have set aside on its books reserves deemed adequate with respect thereto.

**Section 809. The Loan Agreement.** The Authority shall collect or cause to be collected and forthwith cause to be deposited in the Revenue Fund held by the Trustee all amounts, if any, payable to it by the Township pursuant to the Loan Agreement. Upon written request of the Trustee, the Authority shall provide the Trustee with copies of all requests for annual Authority Administrative Expenses under the Loan Agreement. The Authority shall enforce or cause to be enforced all of the provisions of the Loan Agreement. The Authority will not consent or agree to or permit any amendment, change or modification to the Loan Agreement except in accordance with the provisions of Section 815 hereof. Copies of the Loan Agreement certified by an Authorized Authority Representative shall be filed with the Trustee, and copies of any such amendment thereto certified by an Authorized Authority Representative shall be filed with the Trustee.

**Section 810. Power to Determine and Collect Loan Payments.** The Authority has, and will have as long as any Series of Bonds are Outstanding hereunder, good right and lawful power to establish and collect or cause to be established and collected the Loan Payments from the Township.

**Section 811. Loan Payments.** Prior to the execution of the Loan Agreement, and in each and every Fiscal Year during which any Series of Bonds are Outstanding, the Authority shall at all times establish and collect or cause to be established and collected Loan Payments from the Township, as shall be required to provide Revenues at least sufficient, together with other available funds, for the payment of the sum of:

- (a) an amount equal to the Debt Service on each Series of the Outstanding Bonds for such Fiscal Year; and

(b) all other charges or liens whatsoever payable out of Revenues during such Fiscal Year.

**Section 812. Acquisition of the 2016 Project or Additional Projects and its Operation and Maintenance.** 1. The Authority shall cause the Township to acquire, construct and/or install the 2016 Project or any Additional Project with due diligence and in a sound and economical manner.

2. The Authority shall at all times cause the Township to use the 2016 Project or any Additional Project, to properly and in an efficient and economical manner, consistent with good business practices, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals thereto.

**Section 813. Maintenance of Insurance.** 1. The Authority shall at all times cause the Township (for the benefit of the Authority) to maintain such insurance as shall be required by the respective provisions of the Loan Agreement.

2. The Authority shall also maintain any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Bondholders.

3. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing.

4. Upon written request of the Trustee, the Authority shall file or shall cause the Township to file with the Trustee annually, within one hundred twenty (120) days after the close of each calendar year, certificates of Authorized Authority Representatives and/or Authorized Township Representatives, as the case may be, setting forth a description in reasonable detail of the insurances then in effect with respect to the applicable components of the 2016 Project or any Additional Project and certifying that the Authority and/or the Township, as the case may be, has complied in all respects with their respective requirements pursuant to this Section 813.

**Section 814. Application of Insurance Proceeds.** The Proceeds of any insurance, including the proceeds of any condemnation award paid on account of any damage or destruction to the 2016 Project or any Additional Project, or any portion thereof (other than any business interruption loss insurance) shall be applied as set forth in Sections 7.05, 7.06 and 7.07 of the Loan Agreement and Sections 503(5), 506(2) and 507(2) hereof.

**Section 815. Enforcement of Loan Agreement; Amendments.** The Authority shall enforce the provisions of the Loan Agreement and shall duly perform its covenants and agreements thereunder, as applicable, for the benefit of the Trustee and the Bondholders. The Loan Agreement may not be amended, changed, modified, altered or terminated so as to adversely affect the interests of the Holders of any Outstanding Bonds without the prior written consent of: (i) the Holders of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding; or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modifications or amendments, the

Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds of each Series so affected then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 815; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made under the Loan Agreement or extend the time of payment thereof. The Loan Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds to provide necessary changes in connection with the issuance of Additional Bonds, to cure any ambiguity therein, to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Loan Agreement or to provide other changes which will not adversely affect the interest of such Holders. Subsequent to the execution by the Authority and the Township of any amendment to the Loan Agreement, a copy thereof, certified by an Authorized Authority Representative, shall be filed with the Trustee.

**Section 816. Additional Covenants With Respect to the Loan Agreement.**

So long as any Bonds or any Series thereof shall be Outstanding, the Authority will, at all times:

(1) comply with the obligations on the part of the Authority contained in the Loan Agreement (or any amendment thereto) and require the Township to comply with its obligation to make Loan Payments thereunder and to pay all other amounts payable under the Loan Agreement (or any amendment thereto) as the same shall become due and payable; and

(2) promptly take all actions or proceedings necessary or required to compel compliance by such other parties to the Loan Agreement (or any amendment thereto) with respect to the obligations contained therein.

**Section 817. General.**

1. Upon the date of authentication and delivery of any Series of Bonds, all conditions, acts and things required by law and this Bond Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Series of Bonds, shall exist, have happened and have been performed and the issue of such Series of Bonds, together with all other indebtedness of the Authority, shall comply in all respects with the applicable laws of the State.

2. The Authority shall at all times maintain its existence and shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act, this Bond Resolution and the Loan Agreement, including the exercise of its remedies thereunder.

**Section 818. Federal Tax Covenants.**

The Authority hereby covenants not to take or omit to take any action so as to cause interest on any Series of Bonds to be no longer excluded from gross income for the purposes of federal income taxation and to otherwise comply with the requirements of Sections 103 and 141 through 150 of the Code, and all applicable regulations promulgated with respect thereto, throughout the term of such Series of Bonds. The

Authority further covenants that it will make no investments or other use of the proceeds of any Series of Bonds which would cause such Series of Bonds to be "arbitrage bonds" (as defined in Section 148 of the Code). The Authority further covenants to comply with the rebate requirements (including the prohibited payment provisions) contained in Section 148(f) of the Code and any regulations promulgated thereunder, to the extent applicable, and to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements, to the extent applicable. The Authority further covenants not to cause the Series 2016 Bonds and any additional Series of Bonds to become "private activity bonds" (within the meaning of Section 141 of the Code).

**Section 819. Secondary Market Disclosure.** The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. Further, the Authority shall have no liability to the Holders of the Bonds or any other Person with respect thereto. The Authority has required the Township in the Loan Agreement, as an Obligated Person (as defined under the hereinafter defined Rule), to covenant and agree that it will undertake all responsibilities for compliance with secondary market disclosure requirements pursuant to Rule 15c2-12(b) ("Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as described in the Continuing Disclosure Agreement ("Continuing Disclosure Agreement") to be executed by and between the Township and the Trustee, acting as dissemination agent. Notwithstanding any other provision of this Bond Resolution, the failure of the Township to comply with the provisions of the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder and the Beneficial Owners of the Bonds (as defined in the Continuing Disclosure Agreement) may take such actions as set forth in the Continuing Disclosure Agreement as may be necessary and appropriate to cause the Township to comply with its obligations set forth in the Continuing Disclosure Agreement.

**Section 820. Financing Statements.** The Authority hereby authorizes the Trustee to prepare and file such financing statements relating to this Bond Resolution (including, but not limited to, the financing statements with respect to the Series 2016 Bonds) and other documents, and to take such other actions as may be required by law in order to create, perfect and continue the security interest provided for under the State Uniform Commercial Code or other applicable laws of the State or under other state or federal law. The Trustee shall perform or shall cause to be performed any acts, and execute and cause to be executed any and all further instruments as may be required by law or as shall be reasonably requested for the protection of the interests of the Trustee and the Bondholders, and shall furnish satisfactory evidence to the Authority of recording, registering, filing and refiling of such instrument and of every additional instrument which shall be necessary to preserve the lien and security interest of this Bond Resolution upon the Pledged Property or any part thereof until the principal of and interest on the Bonds secured hereby shall have been paid. The Trustee shall file at such time or times and in such place or places as the Trustee may be advised by an opinion of counsel will preserve the lien and security interest of this Bond Resolution upon the Pledged Property or any part thereof until the aforesaid principal and interest shall have been paid.



## ARTICLE IX

### REMEDIES OF BONDHOLDERS

**Section 901. Events of Default.** The following events shall constitute an Event of Default under this Bond Resolution:

(i) if default shall be made by the Authority in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise, as applicable; or

(ii) if default shall be made by the Authority in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor, when and as such interest installment or Sinking Fund Installment shall become due and payable; or

(iii) if default shall be made in the due and punctual payment of the redemption premium of any Bond when and as the same shall become due and payable; or

(iv) the entering of an order or decree appointing a receiver with the consent or acquiescence of the Township or the entering of such order or decree without the acquiescence or consent of the Township if it shall not be vacated, discharged or stayed within sixty (60) days after its entry; or

(v) a petition is filed by the Township under any Federal or State bankruptcy or insolvency law or other similar law in effect on the date of this Bond Resolution or thereafter enacted, unless in the case of a petition filed against the Township, 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 Township shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Township or any of its property shall be appointed by court order or take possession of the Township's property or assets, if such order remains in effect or such possession continues for more than thirty (30) days; or

(vi) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in this Bond Resolution or in the Bonds contained, and such default shall continue for a period of sixty (60) days and the Authority shall have failed to commence to cure such default within such sixty (60) day period after written

notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding; or

(vii) if the Authority shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of its properties and/or its rents, fees, charges or other revenues therefrom, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debts as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing; or

(viii) if a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Authority in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Authority, of its properties and/or the rents, fees, charges or other revenues therefor, or a decree or order for the dissolution, liquidation or winding up of the Authority and its affairs or a decree or order finding or determining that the Authority is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days;

then, in each and every case so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable: (i) upon the occurrence of an Event of Default identified in clauses (i), (ii) and (iii) of this Section 901, either the Trustee may (by notice, in writing, to the Authority), or, upon receipt of direction, in writing, from the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding (by notice, in writing, to the Authority and the Trustee), the Trustee shall, declare the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, anything in this Bond Resolution or in any of the Bonds to the contrary notwithstanding; or (ii) upon the occurrence of an Event of Default identified in clauses (iv), (v), (vi), (vii) or (viii) of this Section 901, the Trustee shall, if so directed in writing by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, declare the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Bond Resolution or in any of the Bonds contained to the contrary notwithstanding.

The right of the Trustee or of the Holders of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding to make any such declaration as aforesaid,

however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with the reasonable and proper fees, charges, expenses and liabilities of the Trustee and all other sums then payable by the Authority and the Township under this Bond Resolution (except the principal of, and interest accrued since the next preceding Interest Payment Date on the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under this Bond Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Holders of fifty-one percent (51%) in principal amount of the Bonds Outstanding, by written notice to the Authority and the Trustee, may rescind such declaration and annul such default in its entirety or if the Trustee shall have acted itself, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Holders of fifty-one percent (51%) in principal amount of the Bonds Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default shall *ipso facto* be deemed to be annulled, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

**Section 902. Accounting and Examination of Records After Default.** 1.

The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority shall at all times be subject to the inspection and use of the Trustee and of their agents and attorneys.

2. The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the Authority, upon demand of the Trustee will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under this Bond Resolution for such period as shall be stated in such demand.

**Section 903. Application of Pledged Property After Default.** 1.

The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon the demand of the Trustee, shall pay over or cause to be paid over to the Trustee or its agent in trust: (i) forthwith, all Pledged Property then held by the Authority under this Bond Resolution; and (ii) all Revenues, if any, which are not paid directly to the Trustee as promptly as practicable after receipt thereof.

2. During the continuance of an Event of Default, the Trustee shall apply the Pledged Property, including all moneys, securities, funds and Revenues received by the Trustee pursuant to any right given or action taken under the provisions of this Article IX together with all funds held by the Trustee in any Funds or Accounts under this Bond Resolution as follows and in the following order:

- (i) Expenses of Fiduciaries -- to the payment of the reasonable and proper fees (including reasonable attorneys' fees), charges, expenses and liabilities of the Fiduciaries;

(ii) Principal and Interest -- to the payment of the interest and principal then due on the Bonds, as follows:

(a) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: Interest -- To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: Principal -- To the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds of any Series due on any date, then to the payment thereof ratably, according to the amounts of principal due on such date, to the Persons entitled thereto, without any discrimination or preference;

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

3. Whenever all overdue installments of all Bonds, together with the reasonable and proper charges, fees (including reasonable attorneys' fees), expenses and liabilities of the Trustee, and all other sums payable by the Authority under this Bond Resolution, including the principal of and accrued unpaid interest on all Bonds which shall then be payable, by declaration or otherwise shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under this Bond Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of this Bond Resolution to be deposited or

pledged, with the Trustee) and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under this Bond Resolution. No such payment over to the Authority by the Trustee nor such restoration of the Authority and the Trustee to their former positions and rights shall extend to or affect any subsequent default under this Bond Resolution or impair any right consequent thereon.

**Section 904. Proceedings Brought by Trustee.** 1. If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding so in default shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds so in default under this Bond Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Bond Resolution.

2. All rights of action under this Bond Resolution may be enforced by the Trustee without the possession of any of the Bonds so in default or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

3. The Holders of fifty-one percent (51%) in principal amount of the Bonds so in default at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee.

4. Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this Bond Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Bond Resolution and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

5. Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Holders of fifty-one percent (51%) in principal amount of the Bonds so in default then Outstanding and furnished with adequate security and indemnity satisfactory to the Trustee, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Bond Resolution by any acts which may be unlawful or in violation of this Bond Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

**Section 905. Restrictions on Bondholder's Action.** 1. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Bond Resolution or the execution of any trust under this Bond Resolution or for any remedy under this Bond Resolution, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as

provided in this Article IX, and the Holders of at least fifty-one percent (51%) in principal amount of the Bonds so in default then Outstanding shall have filed a written request with the Trustee and shall have offered it reasonable opportunity either to exercise the powers granted in this Bond Resolution or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity satisfactory to the Trustee against the costs, fees (including reasonable attorneys' fees), expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of thirty (30) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this Bond Resolution, or to enforce any right under this Bond Resolution, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Bond Resolution shall be instituted, had and maintained in the manner provided in this Bond Resolution and for the equal benefit of all Holders of the Outstanding Bonds, subject only to the provisions of Section 902 hereof.

2. Nothing contained in this Bond Resolution or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed, the principal of (and redemption premium, if any) and interest on the Bonds to the Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

**Section 906. Remedies Not Exclusive.** No remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Resolution or existing at law or in equity or by statute on or after the date of execution and delivery of this Bond Resolution.

**Section 907. Effect of Waiver and Other Circumstances.** 1. No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article IX to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

2. Prior to the declaration of maturity of the Bonds as provided in Section 901 hereof, the Holders of fifty-one percent (51%) in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds so in default waive any past default under this Bond Resolution and its consequences, except a default in the payment of interest on or principal of or redemption premium (if any) on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

**Section 908. Notice of Default.** The Trustee shall promptly mail written notice of the occurrence of any Event of Default of which the Trustee has actual knowledge to each Registered Owner of Bonds so in default then Outstanding at his address, if any, appearing upon the registry books of the Authority. The Trustee shall also give prompt notice of the

occurrence of an Event of Default of which the Trustee has actual knowledge to the Authority and the Paying Agent. For purposes of this Section 908, the Trustee will be deemed to have actual knowledge only if an officer of the corporate trust department of the Trustee has actual first-hand knowledge thereof. The Trustee shall be deemed to have actual knowledge of any payment default if the Trustee shall not have received payment on the date on which such payment was due.

**Section 909. Notice to Trustee to Exercise Remedies Under the Loan Agreement.** The Authority covenants that if an Event of Default under the Loan Agreement shall occur and be continuing, it will not exercise any of such remedies set forth in the Loan Agreement without written consent of the Trustee thereto, which consent shall not be unreasonably withheld.

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## ARTICLE X

### CONCERNING THE FIDUCIARIES

**Section 1001. Trustee; Appointment and Acceptance of Duties.** TD Bank, National Association, Cherry Hill, New Jersey is hereby appointed Trustee under this Bond Resolution. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution by executing and delivering to the Authority a written acceptance thereof, and by executing such acceptance the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in this Bond Resolution.

**Section 1002. Paying Agents; Appointment and Acceptance of Duties; Bond Registrar.** 1. The Authority shall appoint one or more Paying Agents for the Bonds, and may at any time or from time to time appoint one or more other Paying Agents. All Paying Agents appointed shall have the qualifications set forth in Section 1013 hereof for a successor Paying Agent. The Trustee is hereby appointed a Paying Agent.

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

3. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution by executing and delivering to the Authority and to the Trustee a written acceptance thereof. No Paying Agent shall be liable for the acts or omissions of any other Paying Agent.

4. The Authority shall appoint a Bond Registrar, which shall be the Trustee. The Bond Registrar shall have the duties and the responsibilities provided in this Bond Resolution. The Bond Registrar shall accept the responsibilities of a Bond Registrar hereunder with respect to all Bonds by executing a certificate to be delivered to the Trustee and the Authority.

**Section 1003. Responsibilities of Fiduciaries.** 1. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Bond Resolution or of any Bonds issued hereunder or as to the security afforded by this Bond Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee or Bond Registrar shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of this Bond Resolution to the Authority or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified to its satisfaction. Subject to the provisions of subsection (2) of this Section 1003, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.



2. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Bond Resolution. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Bond Resolution, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of this Bond Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 1003 and Section 1004 hereof.

**Section 1004. Evidence on Which Fiduciaries May Act.** 1. Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Bond Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Bond Resolution and shall be protected in acting upon any such instrument believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Bond Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Bond Resolution, such matter (unless other evidence in respect hereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Authority Representative, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Bond Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

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

**Section 1005. Compensation.** The Authority shall pay or cause to be paid to each Fiduciary from time to time reasonable compensation for all services rendered under this Bond Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements including, without limitation, those of its attorneys, agents and employees incurred in and about the performance of their powers and duties under this Bond Resolution, in accordance with the agreements made from time to time between the Authority and the Fiduciary and, subject to the rights of Bondholders hereunder, the Trustee and each Paying Agent shall have a lien therefor on any and all Funds at any time held by it under this Bond Resolution. Subject to the provisions of Section 1003 hereof and to the extent permitted by law, the Authority further agrees to indemnify and save each Fiduciary harmless against any losses, liabilities, expenses and fees which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to such Fiduciary's negligence or willful misconduct.

The provisions of this Section 1005 shall survive the payment of the Bonds pursuant to Section 1301 hereof.

**Section 1006. Certain Permitted Acts.** Any Fiduciary, individually or otherwise, may become the Owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Bond Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding. To the extent permitted by law, any Fiduciary may provide banking, financial and similar services to the Authority.

**Section 1007. Resignation of Trustee.** The Trustee may at any time resign and be discharged of the duties created by this Bond Resolution by giving not less than sixty (60) days' prior written notice thereof to the Authority and the Township, and mailing notice thereof to the Holders of Bonds then Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless (i) previously a successor shall have been appointed by the Authority or the Bondholders as provided in Section 1009 hereof, in which event such resignation shall take effect immediately on the appointment of such successor, or (ii) a successor shall not have been appointed by the Authority or the Bondholders as provided in Section 1009 hereof on such date, in which event such resignation shall not take effect until a successor is appointed.

**Section 1008. Removal of the Trustee.** The Trustee may be removed at any time with or without cause by an instrument or concurrent instruments, in writing, filed with the Trustee, and signed by the Holders of fifty-one percent (51%) in principal amount of the Bonds then Outstanding, or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority upon not less than sixty (60) days' written notice to the Trustee, the Authority and the Township, and in the case of any removal by the Authority as set forth below, to the Holders of the Bonds, and which notice shall specify the date when such removal takes effect. So long as no Event of Default or an event which, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, the Trustee may be removed at any time for reasonable cause (including but not limited to an increase in fees or a failure to competently perform its duties hereunder) by a resolution of the Authority filed with the Trustee upon notice as aforesaid.

**Section 1009. Appointment of Successor Trustee.** 1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor Trustee may be appointed by the Authority by a duly executed written instrument signed by an Authorized Authority Representative, but if the Authority does not appoint a successor Trustee within sixty (60) days after written notice thereof to the Authority, then by the Holders of fifty-one percent (51%) in principal amount of the Bonds, then Outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments, in writing, signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification

thereof being given to the Authority and the predecessor Trustee. After such appointment of a successor Trustee, the Authority shall mail notice of any such appointment by it or by the Bondholders to the Registered Owners of the Bonds then Outstanding and to Moody's, S&P, and Fitch, if the Bonds are then rated by such rating agency or agencies.

2. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 1009 within forty-five (45) days after the Trustee shall have given to the Authority and the Township written notice as provided in Section 1007 hereof or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, removal, or for any other reason whatsoever, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section 1009 in succession to the Trustee shall be a bank or trust company organized under the laws of any state or a national banking association and shall have capital stock, surplus and undivided earnings aggregating at least \$100,000,000 if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Bond Resolution.

**Section 1010. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Bond Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority and the Township, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any properties, rights, interests and estates held by it under this Bond Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify the Paying Agent(s) and Bond Registrar of its appointment as Trustee.

**Section 1011. Merger or Consolidation.** Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by this Bond Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

**Section 1012. Adoption of Authentication.** In case any of the Bonds contemplated to be issued under this Bond Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Bond Resolution provided that the certificate of the Trustee shall have.

**Section 1013. Resignation or Removal of Paying Agent or Bond Registrar and Appointment of Successor.** 1. Any Paying Agent or Bond Registrar may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least sixty (60) days prior written notice thereof to the Authority, the Township, the Trustee and the Paying Agent or Bond Registrar, as applicable. Any Paying Agent or Bond Registrar may be removed by the Authority at any time by an instrument filed with such Paying Agent or Bond Registrar and the Trustee and signed by an Authorized Authority Representative. Any successor Paying Agent or Bond Registrar shall be appointed by the Authority with the approval of the Trustee and shall be a commercial bank or trust company organized under the laws of any state of the United States or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Bond Resolution.

2. In the event of the resignation or removal of any Paying Agent or Bond Registrar, such Paying Agent or Bond Registrar shall pay over, assign and deliver any moneys held by it as Paying Agent or Bond Registrar to its successor, or if there be no successor, to the Trustee, with such documentation satisfactory to the successor Paying Agent and the Trustee, certifying that the amounts being paid over, assigned and delivered represent the remaining balance of all funds so held. In the event for any reason there shall be a vacancy in the office of any Paying Agent or Bond Registrar, the Trustee shall act as such Paying Agent or Bond Registrar.

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## ARTICLE XI

### SUPPLEMENTAL RESOLUTIONS

**Section 1101. Supplemental Resolutions Effective Upon Filing With the Trustee.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Authority may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Authority Representative, shall be fully effective in accordance with its terms:

(1) To close this Bond Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Bond Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness; or

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

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

(4) To authorize Bonds of a Series and, in connection therewith, specify and determine, or delegate to an Authorized Authority Representative the power to specify and determine, the matters and things referred to in Sections 202, 205 and 206 hereof and also any other matters and things relative to such Bonds (including any Series thereof) which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds (including any Series thereof); or

(5) Notwithstanding any other provisions of this Bond Resolution, to authorize a Series of Bonds having terms and provisions different than the terms and provisions theretofore provided in this Bond Resolution including, but not limited to, provisions relating to the timing of the payment of interest, maturity amounts and valuation as of a given time, and authorizing the form of the bond for such Series of Bonds; provided that the authorization and issuance of such Series of Bonds shall not in any manner impair or adversely affect the rights or security of the Bondholders under this Bond Resolution; or

(6) To authorize, in compliance with all applicable law, Bonds of each Series to be issued in the form of fully registered Bonds issued and held in certificated or book-entry form on the books of the Authority, any Fiduciary or custodian appointed for that purpose by the Authority and, in connection therewith, make such additional changes herein, not adverse to the rights of the Holders of the Bonds, as are necessary or appropriate to accomplish or recognize such certificated or book-entry form Bonds, substitute for any such Fiduciary or custodian, provide for in, and amend any provisions in, this Bond Resolution relating to the giving of notice, and specify and determine the matters and things relative to the issuance of such certificated or book-entry form Bonds as are appropriate or necessary; or

(7) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Bond Resolution, of the Revenues or of any other moneys, securities or Funds; or

(8) To confirm, as further assurance, any pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, this Bond Resolution of the Pledged Property and to pledge any additional revenues, moneys, securities or other agreements; or

(9) To modify any of the provisions of this Bond Resolution in any other respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, or (ii) if such modification shall become effective prior to the authentication and delivery of the first Bond authorized to be issued pursuant to this Bond Resolution, each Supplemental Resolution shall be specifically referred to in the text of all Bonds authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof.

**Section 1102. Supplemental Resolutions Effective Upon Consent of Trustee.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted which, upon: (i) the filing with the Trustee of a copy thereof certified by an Authorized Authority Representative; and (ii) the filing with the Trustee and the Authority of instruments in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

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

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

**Section 1103. Supplemental Resolutions Effective With Consent of the Bondholders.** At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders and in accordance with and subject to the provisions of Article XII hereof, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Authority Representative and upon compliance with the provisions of said Article XII, shall become fully effective in accordance with its terms as provided in said Article XII upon the filing with the Trustee of a copy thereof certified by an Authorized Authority Representative and upon compliance with the provisions of such Article XII.

**Section 1104. General Provisions.** 1. This Bond 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 XI and Article XII hereof. Nothing contained in this Article XI or Article XII shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 804 hereof or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which elsewhere in this Bond Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Resolution referred to and permitted or authorized by Sections 1101 and 1102 hereof may be adopted by the Authority without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution when filed with the Trustee 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 Bond Resolution, is authorized or permitted by this Bond Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights generally.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Sections 1101, 1102 or 1103 hereof and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the provisions of this Bond Resolution.

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

## ARTICLE XII

### AMENDMENTS

**Section 1201. Mailing and Publication.** 1. Any provision in this Article for the mailing of a notice or other matter to Bondholders by the Authority shall be fully complied with if it is mailed postage prepaid only (i) to each Registered Owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Authority kept at the office of the Bond Registrar; and (ii) to the Trustee. If the Bonds are rated by Moody's, S&P and Fitch, then the Authority shall give notice to the rating agency or agencies that rated the Bonds of any material amendments to this Bond Resolution.

2. Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper by the Authority.

**Section 1202. Powers of Amendment.** Any modification or amendment of this Bond Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds hereunder in any particular, may be made by a Supplemental Resolution with the written consent, given as provided in Section 1203 hereof, of (i) the Holders of at least fifty-one percent (51%) in principal amount of the Bonds Outstanding at the time such consent is given; and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, the Holders of one hundred percent (100%) in principal amount of the Bonds of the particular maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 1202. No such modification or amendment shall permit a change in the maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. The Trustee may, in its discretion, determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular maturity would be affected by any modification or amendment of this Bond Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds.

**Section 1203. Consent of Bondholders.** The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1202 hereof to take effect when and as provided in this Section 1203. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to the Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section 1203 provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of the Holders of the percentages of Outstanding Bonds specified in Section 1202 hereof; and (b) an opinion of Bond



Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of this Bond Resolution, is authorized or permitted by this Bond Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights generally, and (ii) a notice shall have been given as hereinafter in this Section 1203 provided. The consent of the Holders of the Bonds shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1303 hereof. A certificate or certificates executed by the Trustee and filed with the Authority stating that it has examined such proof and that such proof is sufficient in accordance with Section 1303 hereof shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be irrevocable and binding upon the Holder of the Bonds giving such consent and, anything in Section 1303 hereof to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked, in writing, by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1203 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer, of such revocation in the manner permitted by this Section 1203. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Authority to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 1203, may be given to Bondholders by the Authority by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1203 provided). The Authority shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 1203 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Trustee of the proof of 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 forty (40) day period; provided, however, that the Trustee and the Authority during such forty (40) day period and any such further period during which any such action or proceeding may be binding shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

**Section 1204. Modifications by Unanimous Consent.** The terms and provisions of this Bond Resolution and the rights and obligations of the Authority and the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption

and filing by the Authority of a Supplemental Resolution and the consents of the Holders of all of the Bonds then Outstanding, such consents to be given as provided in Section 1203, except that no notice to Bondholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary and of the Bondholders.

**Section 1205. Exclusion of Bonds.** Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article XII, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article XII. At the time of any consent or other action taken under this Article XII, the Authority shall furnish the Trustee a certificate of an Authorized Authority Representative, upon which the Trustee may rely, describing all Bonds so to be excluded.

**Section 1206. Notation on Bonds.** Bonds authenticated and delivered after the effective date of any action taken as in Article XI or this Article XII provided may, and, if the Trustee so determines upon advice of counsel, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

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## ARTICLE XIII

### MISCELLANEOUS

**Section 1301. Defeasance.** 1. If, subject to the provisions set forth in the next succeeding sentence, the Authority shall pay or cause to be paid, or there shall otherwise be paid, to or for the account of the Holders of all Bonds the principal, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated in the Bonds and in this Bond Resolution, then the pledge of the Pledged Property, any Revenues and other moneys and securities pledged under this Bond Resolution shall thereupon cease, terminate and become void and be discharged and satisfied. Upon the request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all moneys or securities held by them pursuant to this Bond Resolution which are not required for the payment of principal of, redemption premium, if any, and interest on Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Outstanding Bonds of a particular maturity or particular Bonds within a maturity, the principal of, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under this Bond Resolution and all covenants, agreements and obligations of the Authority to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Principal and/or interest installments for the payment or redemption of which moneys or Investment Securities shall have been set aside and shall be held in trust by the Trustee or Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section 1301. Subject to the provisions of subsection (3) through subsection (5) of this Section 1301, all Outstanding 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 (1) of this Section 1301 if (a) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on or prior to the redemption or maturity date thereof, as the case may be, and (b) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail as provided in Article IV hereof a notice to the Holders of such Bonds that the deposit required by subclause (a) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 1301 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection (6) of this Section 1301, to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds, and (c) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to mail as provided in Article IV hereof notice of redemption of such Bonds (other than Bonds

which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date. Any notice of redemption mailed pursuant to the preceding sentence with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. For purposes of this Section 1301 only, the term Investment Securities shall mean only those Investment Securities described in clause b.(1) of the definition of "Investment Securities" contained in Section 101 hereof unless the Authority shall have received written confirmation from Moody's, if the Bonds are then rated by Moody's, S&P, if the Bonds are then rated by S&P, and Fitch, if the Bonds are then rated by Fitch, that defeasance with Investment Securities other than those described in such clause b.(1) of the definition of "Investment Securities" will result in the Bonds being rated in the highest investment grade or category of each such rating agency. The Trustee shall, if so directed by the Authority prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1301 which are not to be redeemed prior to their maturity date or prior to the maturity date of any Bonds deemed to have been paid in accordance with this Section 1301 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Investment Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds so purchased; provided, however, that the moneys and Investment Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient (as verified by an independent certified public accountant, as stated in a verification report addressed to the Authority, the Township and the Trustee) to pay when due the Principal Installment, redemption premium, if any, and interest due or to become due on all Bonds, in respect of which such moneys and Investment Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1301 which are not to be redeemed prior to their maturity date or Bonds which are to be redeemed prior to their maturity date, the Authority shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1301. The directions given by the Authority to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1301 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 1301 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 1301 such amount is in excess (as verified by an independent certified public accountant addressed to the Authority, the Township and the Trustee) of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds in order to satisfy subclause (a) of this subsection (2) of Section 1301, the Trustee shall, upon written direction of the Authority and after payment of all unpaid Authority Administrative Expenses and amounts due pursuant to this Bond Resolution and the Loan Agreement, if any, pay the amount of such excess to the Township free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution. Except as otherwise provided in this

subsection (2) of Section 1301 and in subsection (3) through subsection (5) of this Section 1301, neither Investment Securities nor moneys deposited with the Trustee pursuant to this Section 1301 nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, (A) to the extent such cash will not be required (as verified by an independent certified public accountant as stated in a verification report addressed to the Authority, the Township and the Trustee) at any time for such purpose shall, upon written direction of the Authority and after payment of all unpaid Authority Administrative Expenses and amounts due pursuant to this Bond Resolution and the Loan Agreement, if any, be paid over to the Township, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient (as verified by an independent certified public accountant as stated in a verification report addressed to the Authority, the Township and the Trustee) to pay when due the principal of, redemption premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and any interest earned from such reinvestment shall, to the extent not needed to pay then due principal of, redemption premium, if any, and interest on said Bonds and upon written direction of the Authority and after payment of all unpaid Authority Administrative Expenses and amounts due pursuant to this Bond Resolution and the Loan Agreement, if any, be paid over to the Township, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution. For the purposes of this Section 1301, Investment Securities shall mean and include only (x) such securities as are described in this subsection 1301(2) which shall not be subject to redemption prior to their maturity other than at the option of the Holder thereof, (y) such securities as are described in this subsection 1301(2) which shall not be subject to redemption prior to their maturity other than at the option of the Holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the Holder thereof, or (z) upon compliance with the provisions of subsection (3) of this Section 1301, such securities as are described in this subsection 1301(2) which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

3. Investment Securities described in clause (z) of subsection (2) of this Section 1301 may be included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of subclause (a) of subsection (2) of this Section 1301 only if the determination as to whether the moneys and Investment Securities to be deposited with the Trustee in order to satisfy the requirements of such subclause (a) would be sufficient to pay when due either on the maturity date or the redemption date thereof, the principal of, redemption premium, if any, and interest on the Bonds (including any Series thereof) which will be deemed to have been paid as provided in subsection (2) of this Section 1301 is made both (i) on the assumption that the Investment Securities described in clause (z) were not redeemed at the option of the issuer prior to the maturity date thereof; and (ii) on the assumption that such Investment Securities would be redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Investment Securities and that the proceeds of such redemption would not be reinvested by the Trustee.

4. In the event after compliance with the provisions of subsection (3) of this Section 1301 the Investment Securities described in clause (z) of subsection (2) of this Section 1301 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of subclause (a) of subsection (2) of this Section 1301 and any such Investment Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee at the direction of the Authority, provided that the aggregate of the moneys and Investment Securities to be held by the Trustee, taking into consideration any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the Authority in accordance with subsection (3) of this Section 1301, shall at all times be sufficient (as verified by an independent certified public accountant as stated in a verification report addressed to the Authority, the Township and the Trustee) to satisfy the requirements of subclause (b) of subsection (2) of this Section 1301, shall reinvest the proceeds of such redemption in Investment Securities. The Trustee shall mail notice of the substitution of Investment Securities to the Holders of the Bonds.

5. In the event that after compliance with the provisions of subsection (4) of this Section 1301 the Investment Securities described in clause (z) of subsection (2) of this Section 1301 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of subclause (a) of subsection (2) of this Section 1301, then any notice of redemption to be mailed by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Authority, that any redemption date or dates in respect of all or any portion of the Bonds to be redeemed on such date or dates may at the option of the Authority be changed to any other permissible redemption date or dates and that redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 1301 upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of any Investment Securities described in clause (z) of subsection (2) of this Section 1301 have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change or redemption date or dates or establishment of redemption date or dates may be made unless taking into account such changed redemption date or dates or newly established redemption date or dates the moneys and Investment Securities on deposit with the Trustee including any Investment Securities or redemption proceeds in accordance with subsection (5) of this Section 1301 pursuant to subclause (a) of subsection (2) of this Section 1301 would be sufficient to pay when due the principal or Redemption Price of, and interest on all Bonds deemed to have been paid in accordance with subsection (2) of this Section 1301 which have not as yet been paid.

6. If the Bonds are rated by Moody's, S&P and/or Fitch, then the Authority shall give notice to the rating agency or agencies that rated the Bonds of any defeasance of all or any of the Bonds.

**Section 1302. Unclaimed Funds.** 1. Anything in this Bond Resolution to the contrary notwithstanding, but subject to any provision of State or Federal law to the contrary, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for four (4) years after the date when such Bonds have become due and payable, at their stated maturity dates, if such moneys were held by the Fiduciary at such date, or for four (4) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, upon written direction of the

Authority and after payment of all unpaid Authority Administrative Expenses and amounts due pursuant to this Bond Resolution and the Loan Agreement, if any, be paid by the Fiduciary to the Township, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Township for the payment of such Bonds; provided, however, that before being required to make any such payment to the Township the Fiduciary shall, at the written direction of the Authority and at the expense of the Township, cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Township, subject to the hereinabove stated conditions and except as set forth in subsection (2) below.

2. Subject to the provisions of Section 1302(1) hereof, to the extent any moneys are remaining in such Funds and Accounts and the Fiduciaries and/or the Authority have unreimbursed expenses and/or Authority Administrative Expenses or there are other unpaid amounts due pursuant to this Bond Resolution and the Loan Agreement, such moneys shall be paid to each such Fiduciary and/or the Authority by the Trustee, free and clear of the lien and pledge of this Bond Resolution, to the extent required to reimburse such Fiduciary and/or the Authority for such expenses, Authority Administrative Expenses, and/or other unpaid amounts and, if thereafter there are any unclaimed moneys remaining in the Funds and Accounts, then to the Township.

**Section 1303. Evidence of Signatures of Bondholders and Ownership of Bonds.** 1. Any request, consent, revocation of consent or other instrument which this Bond Resolution may require or permit to be signed and executed by the Bondholders may be signed or executed in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Bonds shall be sufficient for any purpose of this Bond Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature, guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(2) The amount of Bonds transferable by delivery held by any Person executing any instrument as a Bondholder, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, showing at the date therein mentioned that such Person exhibited to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

2. The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be provided by the registry books.

3. Any request or consent by the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

**Section 1304. Moneys Held for Particular Bonds.** The amounts held by any Fiduciary for the payment of the interest or principal due on any date with respect to particular Series of Bonds or for particular Bonds within such Series of Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

**Section 1305. Preservation and Inspection of Documents.** All documents received by any Fiduciary under the provisions of this Bond Resolution shall be retained in its possession for a period of seven (7) years and shall be subject at all reasonable times to the inspection of the Authority any other Fiduciary and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

**Section 1306. Parties Interest Herein.** Nothing in this Bond Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any Person or corporation, other than the Authority, the Township, the Fiduciaries and the Holders of the Bonds, any right, remedy or claim under or by reason of this Bond Resolution or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Bond Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Township, the Fiduciaries and the Holders of the Bonds.



**Section 1307. No Recourse on the Bonds.** No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Bond Resolution against any member or officer of the Authority or any Person executing the Bonds.

**Section 1308. Publication of Notice; Suspension of Publication.** 1. Any publication to be made under the provisions of this Bond Resolution in successive weeks or on successive dates may be made in each instance upon any Business Day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in a different Authorized Newspaper.

2. If, because of the temporary or permanent suspension of the publication or general circulation of any Authorized Newspaper or for any other reason, it is impossible or impractical to publish any notice pursuant to this Bond Resolution in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Authority shall constitute a sufficient publication of such notice.

**Section 1309. Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Bond Resolution on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Bond Resolution.

**Section 1310. Holidays.** Except with respect to the computation of a Record Date, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Bond Resolution, shall be a legal holiday or a day on which banking institutions in the municipality in which is located the principal office of the Trustee or the operational offices of the Authority or the Township are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Bond Resolution, and no interest shall accrue for the period after such nominal date.

**Section 1311. Separate Financings.** Nothing contained in this Bond Resolution shall be construed to prevent the Authority from acquiring, constructing or financing through the issuance of its bonds, notes, or other evidences of indebtedness any other public facilities or from securing such bonds, notes or other evidences of indebtedness by a mortgage of such public facilities so financed or by a pledge of, or other security interest in, the revenues thereunder or any lease or other agreement with respect thereto or any revenues derived from such lease or other agreement; provided that such bonds, notes, or other evidences of indebtedness shall not be payable out of or secured by the Revenues or any Fund held under this Bond Resolution and neither the cost of such public facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues or from any such Fund hereunder.

**Section 1312. Notices and Demands.** All notices, demands or other communications provided for in this Bond Resolution shall be in writing and shall be sent by

facsimile transmission (confirmed, in writing, and hard copy to follow in the manner prescribed below) or shall be delivered personally, sent by certified or registered mail or by recognized overnight mail, to (i) the Township at 2131 Auburn Avenue, Atco, New Jersey, 08004, Attn: Chief Financial Officer, Fax No. (856) 768-7593; (ii) the Authority at The Camden County Improvement Authority, 2220 Voorhees Town Center, Voorhees, New Jersey 08043, Attn: Executive Director, Fax No. (856) 566-3105; (iii) the Trustee at TD Bank, National Association, 1006 Astoria Boulevard, Cherry Hill, New Jersey 08034, Attn: Corporate Trust Services, Fax No. (856) 482-5706; and (iv) Bond Counsel to the Authority, Parker McCay P.A., 9000 Midlantic Drive, Suite 300, Mount Laurel, New Jersey 08054, Attn: Philip A. Norcross, Esq., Fax No. (856) 988-8167; or to such other representatives or addresses as the Authority, the Township, the Trustee or Bond Counsel may from time to time designate by written notice to the parties hereto or beneficiaries hereof in accordance with this Section 1312.

**Section 1313. Headings.** The Article and Section headings in this Bond Resolution are inserted for convenience of reference only and are not intended to define or limit the scope of any provision of this Bond Resolution.

**Section 1314. Governing Law.** This Bond Resolution shall be governed by and construed in accordance with the laws of the State.

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**ARTICLE XIV**

**BOND FORM AND EFFECTIVE DATE**

**Section 1401. Form of Bonds.** Subject to the provisions of this Bond Resolution, the form of the Bonds shall be substantially as follows:

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**UNITED STATES OF AMERICA  
STATE OF NEW JERSEY  
THE CAMDEN COUNTY IMPROVEMENT AUTHORITY**

**TOWNSHIP GENERAL OBLIGATION LOAN REVENUE BONDS  
(WATERFORD TOWNSHIP PUBLIC SAFETY BUILDING PROJECT), SERIES 2016**

**No. R-**

**INTEREST RATE**

%

**CUSIP NUMBER**

13281K\_\_

**MATURITY DATE**

March 15, 20\_\_

**DATED DATE**

\_\_\_\_\_, 2016

**AUTHENTICATION DATE**

\_\_\_\_\_, 2016

**REGISTERED OWNER:** Cede & Co.

**PRINCIPAL SUM:**

(DOLLARS)

THE CAMDEN COUNTY IMPROVEMENT AUTHORITY, in the County of Camden, State of New Jersey ("Authority"), a public body corporate and politic organized and existing under and by virtue of the laws of the State of New Jersey ("State"), acknowledges itself indebted and for value received hereby promises to pay to the REGISTERED OWNER stated above, or registered assigns, the PRINCIPAL SUM stated above, on the MATURITY DATE stated above or on the date fixed for redemption, as the case may be, together with interest on such PRINCIPAL SUM from the date of this Series 2016 Bond (as hereinafter defined) until the Authority's obligation with respect to the payment of such PRINCIPAL SUM shall be discharged, at the INTEREST RATE per annum stated above on the fifteenth days of March and September, commencing September 15, 2016. This Series 2016 Bond (as hereinafter defined), as to principal, when due, will be payable at the principal corporate trust office of TD Bank, National Association, 1006 Astoria Boulevard, Cherry Hill, New Jersey. Interest on this Series 2016 Bond will be payable by check which will be mailed to the REGISTERED OWNER hereof whose name shall appear on the registration books of the Authority which shall be kept and maintained by the Bond Registrar hereinafter mentioned, as determined on the first days of March and September (whether or not a Business Day) ("Record Date"); provided, however, that a REGISTERED OWNER of \$1,000,000 or more in principal amount of the Series 2016 Bonds shall be entitled, upon three (3) Business Days' written notice to the Trustee in advance of the applicable Record Date, to receive interest payments by wire transfer of immediately available funds. Payment of the principal of and interest on this Series 2016 Bond shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This bond is one of the duly authorized issue of a Series of revenue bonds, each designated as "Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016" ("Series 2016 Bonds" or "Bonds") of the Authority, limited to the aggregate principal amount of \$3,750,000 and authorized and issued under and pursuant to the County Improvement Authorities Law, P.L. 1960, c.183, as amended ("Act"), and under and in accordance with a resolution of the Authority duly adopted April 14, 2016 entitled, "Resolution of The Camden County Improvement Authority Authorizing the Issuance of Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016" ("Bond Resolution"), a resolution of the Authority duly adopted April 14, 2016 entitled, "Resolution of The Camden County Improvement Authority With Respect to the Delegation of the Power to Sell and to Award Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016 of the Authority, Authorizing Certain Actions, Approving Certain Documents and Determining Other Matters in Connection With the Issuance and Sale of the Series 2016 Bonds" ("Delegation Resolution") and an Award Certificate (the Bond Resolution, the Delegation Resolution and the Award Certificate are hereinafter collectively referred to as the "Resolution"). Copies of the Resolution are on file in the office of the Authority, 2220 Voorhees Town Center, Voorhees, New Jersey and at the principal corporate trust office of TD Bank, National Association, 1006 Astoria Boulevard, Cherry Hill, New Jersey ("Trustee"), as trustee under the Bond Resolution.

This Series 2016 Bond is a direct, limited and special obligation of the Authority payable from the Revenues and secured by a lien on the Pledged Property (as defined in the Resolution) of the Authority and from any other moneys pledged therefor under the Resolution; provided, however, that the power and obligation of the Authority to cause application of such Pledged Property and other funds to the payment of the principal or Redemption Price of and the interest on the Series 2016 Bonds is subject to the terms of the Resolution.

The Series 2016 Bonds are issued in the form of Registered Bonds, without coupons, in book-entry only form in the denomination of \$5,000 each or any integral multiple thereof.

As defined in the Resolution, and for purposes of this Series 2016 Bond, "Business Day" shall mean any day that is not a Saturday, a Sunday or a legal holiday in the State or the State of New York or a day on which the Trustee, the Bond Registrar, any Paying Agent, the Township or the Authority is legally authorized to close. All other terms used herein which are not defined shall have the meanings ascribed to such terms in the Resolution.

The Series 2016 Bonds maturing before March 15, 20\_\_ shall not be subject to optional redemption prior to maturity. The Series 2016 Bonds maturing on or after March 15, 20\_\_ shall be subject to redemption prior to maturity at the option of the Authority, to be exercised upon receipt of written notice to the Trustee and the Authority of prepayment from the Township in accordance with the terms of the Loan Agreement, on or after March 15, 20\_\_, in whole or in part at any time, at any time in such order of maturity as the Township may direct and within maturity by lot, at the redemption prices (expressed as a percentage of the principal amount thereof being redeemed) shown below (plus interest accrued to the date of redemption):

Redemption Dates  
(Dates Inclusive)

Redemption  
Price

Sinking Fund Redemption. The Series 2016 Bonds maturing on March 15, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus interest accrued to the redemption date, on the following dates in the respective principal amounts set forth opposite such dates:

March 15  
of the Year

Principal Amount

\$

\*

---

\* Final maturity.

Unless otherwise provided in the Resolution, if less than all of the Series 2016 Bonds of like maturity shall be called for prior redemption, the particular Series 2016 Bonds or portions of such Series 2016 Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee, in its sole discretion, may deem fair and appropriate; provided, however, that the portion of any such Series 2016 Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and that, in selecting portions of such Series 2016 Bonds for redemption, the Trustee shall treat each such Series 2016 Bond as representing that number of Series 2016 Bonds of \$5,000 denomination which is obtained by dividing by \$5,000 the principal amount of such Series 2016 Bond to be redeemed in part.

When the Trustee shall receive notice from the Authority of its election or direction to redeem the Series 2016 Bonds pursuant to Section 402 of the Bond Resolution, including written notice from the Township whose consent is required to effectuate the redemption of the Series 2016 Bonds, and when redemption of the Series 2016 Bonds is authorized or required pursuant to Section 403 of the Bond Resolution and the Trustee shall have received written notice from the Township of its consent to the redemption of the Series 2016 Bonds, the Trustee shall give notice, in the name of the Authority, of the redemption of such Series 2016 Bonds, which notice shall specify the maturities of the Series 2016 Bonds to be redeemed, the Redemption Price, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2016 Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2016 Bonds so to be redeemed, and, in the case of the Series 2016 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2016 Bond to be redeemed the Redemption Price thereof, or the Redemption

Price of the specified portions of the principal amount thereof in the case of the Series 2016 Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Trustee, via first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to the REGISTERED OWNERS of any Series 2016 Bonds or portions of the Series 2016 Bonds which are to be redeemed, at their last addresses appearing upon the registry books. Failure to give notice by mail, or any defect in notice to the REGISTERED OWNER of any Series 2016 Bonds which are to be redeemed shall not affect the validity of the proceedings for the redemption of any other Series 2016 Bonds.

So long as DTC or its nominee is the REGISTERED OWNER of the Bonds, notices of redemption shall be sent to DTC and not to any Beneficial Owners of the Bonds.

The Trustee shall also comply with any notice or other requirements of DTC to effectuate a redemption of Bonds. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

If, on the redemption date, moneys for the redemption of all the Series 2016 Bonds or portions thereof of any like maturity to be redeemed, together with interest thereon to the redemption date, shall be held by the Paying Agent 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 Series 2016 Bonds or portions thereof of such maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such notice of redemption shall be rescinded by the Trustee and shall be deemed to be null and void as if never given and such Series 2016 Bonds or portions thereof shall continue to bear interest until paid at maturity at the same rate as they would have borne had they not been called for redemption.

Pursuant to the Bond Resolution, the Authority may hereafter issue Additional Bonds for the purposes, in the amounts and on the conditions prescribed in the Bond Resolution. All bonds issued and to be issued under the Bond Resolution, including the Series 2016 Bonds and other Series of Additional Bonds, are and will be equally secured by the pledge of Funds and Revenues provided in the Bond Resolution except as otherwise provided in or pursuant to the Bond Resolution.

To the extent and in the respects permitted by the Bond Resolution, the provisions of the Bond Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by action taken on behalf of the Authority in the manner and subject to the conditions and exceptions which are set forth in the Bond Resolution. The pledge of the Pledged Property and other obligations of the Authority under the terms of the Bond Resolution may be discharged at or prior to the maturity or redemption of the Series 2016 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

This Series 2016 Bond is transferable, as provided in the Bond Resolution, only upon the registration books of the Authority which are kept and maintained for that purpose at the principal corporate trust office of TD Bank, National Association, 1006 Astoria Boulevard,

Cherry Hill, New Jersey ("Bond Registrar"), as registrar under the Bond Resolution, or its successor as Bond Registrar, by the REGISTERED OWNER hereof in Person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer which is satisfactory to the Bond Registrar and which is duly executed by the REGISTERED OWNER or by such duly authorized attorney, together with the required signature guarantee, and thereupon the Authority shall issue in the name of the transferee a new registered Series 2016 Bond or Series 2016 Bonds, of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Series 2016 Bond as provided in the Bond Resolution, upon payment of the charges therein prescribed. The Authority, the Trustee, the Bond Registrar and any Paying Agent of the Authority may treat and consider the Person in whose name this Series 2016 Bond is registered as the Holder and absolute Owner of this Series 2016 Bond for the purpose of receiving payment of the principal or Redemption Price of and interest due thereon and for all other purposes whatsoever.

Reference to the Bond Resolution, the Delegation Resolution, the Award Certificate, the Loan Agreement and the Act is made for a description of the nature and extent of the security for the Series 2016 Bonds, the Pledged Property, the Funds pledged for the payment thereof, the nature, manner and extent of the enforcement of such pledge, the rights and remedies of the Holders of the Series 2016 Bonds with respect thereto, the terms and conditions upon which the Series 2016 Bonds are issued and upon which they may be issued thereunder, and a statement of the rights, duties, immunities and obligations of the Authority, the Township and the Trustee.

THE ACT PROVIDES THAT NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2016 BONDS SHALL BE LIABLE PERSONALLY ON THE SERIES 2016 BONDS BY REASON OF THE ISSUANCE THEREOF.

THE SERIES 2016 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR ANY SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND AS APPLICABLE UNDER AND LIMITED BY THE LOAN AGREEMENT, THE TOWNSHIP), AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF SAID STATE, OR OF ANY SUBDIVISION (OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND AS APPLICABLE UNDER AND LIMITED BY THE LOAN AGREEMENT, THE TOWNSHIP), EITHER LEGAL, MORAL OR OTHERWISE. THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE SERIES 2016 BONDS FROM THE REVENUES AND FUNDS PLEDGED THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE TOWNSHIP, AS APPLICABLE, UNDER AND LIMITED BY THE LOAN AGREEMENT), IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS. THE AUTHORITY HAS NO TAXING POWER.

It is hereby certified and recited that all conditions, acts and things which are required by the Constitution or by the statutes of the State or by the Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this Series 2016 Bond



exist, have happened and have been performed and that the Series 2016 Bonds, together with all other indebtedness of the Authority, are within every debt and other limit prescribed by said Constitution or statutes.

This Series 2016 Bond shall not be entitled to any security or benefit under the terms of the Resolution or be valid or obligatory for any purpose unless the certificate of authentication has been manually executed by the Trustee upon original issuance and thereafter by the Bond Registrar.

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IN WITNESS WHEREOF, THE CAMDEN COUNTY IMPROVEMENT AUTHORITY has caused this Series 2016 Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman and its corporate seal to be affixed, impressed or reproduced hereon, and this Series 2016 Bond and such seal to be attested by the manual or facsimile signature of its Secretary, all as of the DATED DATE set forth above.

ATTEST:

THE CAMDEN COUNTY IMPROVEMENT  
AUTHORITY

\_\_\_\_\_  
, Secretary

BY: \_\_\_\_\_  
, Chairman

[SEAL]

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**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ [PLEASE PRINT OR TYPE NAME, ADDRESS AND TAXPAYER IDENTIFICATION NO. OF ASSIGNEE] the within Series 2016 Bond and all rights hereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, as Attorney, to transfer the within Series 2016 Bond on the registration books of The Camden County Improvement Authority with full power of substitution and revocation.

NOTICE: The signature to this assignment must correspond with the name of the REGISTERED OWNER hereof as it appears upon the face of the within Series 2016 Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

SIGNATURE GUARANTEE:  
(Medallion Guarantee Program Stamp)

\_\_\_\_\_

**Section 1402. Form of Certificate of Authentication of Trustee or Bond Registrar.** The form of Certificate of Authentication by the Trustee or Bond Registrar on the Bonds shall be substantially as follows:

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the issue of Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016 of The Camden County Improvement Authority, described and delivered pursuant to the within-mentioned Bond Resolution and being dated \_\_\_\_\_, 2016.

TD BANK, NATIONAL ASSOCIATION, as  
[Trustee]  
[Bond Registrar]

By: \_\_\_\_\_  
Authorized Signature

**Section 1403. Effective Date.** This Bond Resolution shall take effect upon adoption in accordance with the Act, specifically *N.J.S.A. 40:37A-50(7)(e)*; provided, however, that in no event shall this Bond Resolution become effective until such date as the Local Finance Board shall render findings in connection with the matters set forth herein, in satisfaction of the provisions of *N.J.S.A. 40A:5A-7*.

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MOTION: Rohrer

SECOND: Spearman

RECORDED VOTE

AYES: Ms. Rohrer  
Mr. Schorley  
Mr. Spearman  
Mr. Stenerson  
Chim. Nusey

ABSTAIN: None

NAYES: None

ABSENT: None

The foregoing is a true copy of a Bond Resolution adopted by the governing body of THE CAMDEN COUNTY IMPROVEMENT AUTHORITY at a meeting thereof duly called and held on April 14, 2016.

  
\_\_\_\_\_  
JAMES P. BLANDA  
Executive Director/Secretary  
The Camden County Improvement Authority

**CERTIFICATE OF DETERMINATION AND AWARD OF  
THE INTERIM EXECUTIVE DIRECTOR OF  
THE CAMDEN COUNTY IMPROVEMENT AUTHORITY**

**BACKGROUND**

The Camden County Improvement Authority ("Authority") has been duly created by a resolution of the Board of Chosen Freeholders of the County of Camden, New Jersey ("County") as a public body corporate and politic of the State of New Jersey ("State") pursuant to and in accordance with the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto ("Act").

Pursuant to the terms of the Act and a resolution duly adopted by the Authority on April 14, 2016 entitled, "Resolution of The Camden County Improvement Authority Authorizing the Issuance of Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016" ("Bond Resolution"), as amended and supplemented by a Delegation Resolution, duly adopted by the Authority on April 14, 2016 ("Delegation Resolution"), and this Certificate of Determination and Award which shall constitute an Award Certificate for purposes of the Bond Resolution and shall hereinafter be referred to as the ("Award Certificate") (as so amended and supplemented to date, collectively, the "Resolution"), the Authority has determined to issue its Bonds (as hereinafter defined) and to use the proceeds of the Bonds to pay: (a) the Costs (as defined in the Bond Resolution) associated with, (i) the acquisition of certain real property ("Project Site") by the Township of Waterford, County of Camden, New Jersey ("Township"), (ii) the construction of a new, approximately 11,000 square foot Public Safety Building on said Project Site ("Facility"), and (iii) the acquisition of all materials and equipment and completion of all work necessary therefor or related to the acquisition of the Project Site and the construction of the Facility (collectively, the "Project"); and (b) costs of issuance with respect to the sale and delivery of the Bonds.

Pursuant to the Delegation Resolution, the Authority has previously authorized its Interim Executive Director to execute and deliver this Award Certificate and the Purchase Contract (as hereinafter defined) in connection with the issuance and sale of the Bonds.

On behalf of the Authority, the undersigned Interim Executive Director hereby certifies as follows:

**SECTION 1. Certain Definitions.** Terms which are used as defined terms herein, unless such terms are specifically defined herein or unless the context clearly requires otherwise, shall have the meanings which are assigned to such terms in the Bond Resolution.

**SECTION 2. Issuance of the Bonds.** The Authority hereby authorizes the issuance of the Bonds pursuant to the provisions of the Act, subject to the conditions of the Resolution and further subject to the conditions hereinafter set forth.

**SECTION 3. Sale and Delivery of the Bonds.**

A. **Offer to Purchase Bonds.** The Authority has received from Roosevelt & Cross, Incorporated ("Underwriter") an offer for the purchase of the Bonds. The terms and

conditions of the Underwriter's offer to purchase the Bonds are set forth in a Bond Purchase Contract for the Bonds, dated January 19, 2017 ("Purchase Contract"), a copy of which is attached hereto as Exhibit A and which is incorporated herein by reference as if set forth in full.

B. Award of Bonds. Pursuant to the Bond Resolution, the Bonds shall be awarded to the Underwriter upon the terms and conditions set forth in the Purchase Contract and delivered to the Underwriter, after execution thereof by the Authority and authentication thereof by the Trustee, against receipt of the full purchase price and the performance of all other conditions of the Purchase Contract.

**SECTION 4. Description of Bonds.**

A. Term. The Bonds shall be dated February 2, 2017 (the date of delivery thereof) and shall mature on March 15 of the years and in the respective principal amounts and bear interest at the rates set forth below:

<u>Maturity (March 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2017	\$135,000	4.000%	0.990%
2018	100,000	4.000	1.190
2019	110,000	4.000	1.500
2020	115,000	4.000	1.750
2021	115,000	4.000	1.970
2022	120,000	4.000	2.160
2023	165,000	5.000	2.360
2024	170,000	3.000	2.550
2025	180,000	5.000	2.690
2026	190,000	5.000	2.840
2027	200,000	5.000	2.940
2028	210,000	5.000	3.090
2029	215,000	3.000	3.230
2030	225,000	3.125	3.320
2031	230,000	3.125	3.420
2032	235,000	3.250	3.490
2033	245,000	3.300	3.550
2034	255,000	3.375	3.610
2035	265,000	3.500	3.660
2036	270,000	3.500	3.700

B. Interest Payment Dates. Interest on the Bonds shall be payable on March 15 and September 15 of each year, commencing on March 15, 2017, until payment of the principal amount thereof shall have been made or provided for upon redemption or maturity.

C. Record Date. The Record Date for the Bonds shall be the first (1st) day (whether or not such day shall be a Business Day) of the month each Interest Payment Date occurs (i.e., March 1 and September 1).

D. Form of Bonds. The Bonds shall be in substantially the form set forth in the Bond Resolution, the form of which is by this reference incorporated in full as if set forth herein, with such omissions, insertions and variations as are deemed necessary to reflect the terms hereof and the terms of the Purchase Contract and which are not contrary to any of the provisions of the Bond Resolution or any of the provisions of this Award Certificate.

**SECTION 5. Optional Redemption of Bonds.** The Bonds maturing prior to March 15, 2027 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after March 15, 2027 shall be subject to optional redemption prior to their respective maturity date, at the option of the Authority to be exercised upon receipt of written notice to the Trustee and the Authority of prepayment from the Township in accordance with the terms of the Loan Agreement (as defined in the Bond Resolution), on or after March 15, 2026 in whole or in part at any time, and, if in part, in such order of maturity as the Township may direct and, within a maturity, by lot (or other customary method of selection determined by the Trustee), at a Redemption Price equal to one hundred percent (100%) of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

**SECTION 6. Amount and Title of the Bonds.** Pursuant to the Bond Resolution, \$3,750,000 aggregate principal amount of Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2017 ("Bonds") are hereby authorized to be issued and sold in accordance with the provisions of this Award Certificate and the Purchase Contract. Each of such Bonds shall be designated "Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2017".

**SECTION 7. Purpose of the Bonds.** The Bonds are authorized and issued to provide funds to pay or finance the: (i) Costs of the Project; and (ii) costs of issuance with respect to the sale and delivery of the Bonds.

**SECTION 8. Transfer of Proceeds of the Bonds.** The Authority, upon receipt of the net proceeds of the Bonds, shall transfer the same to the Trustee to be held and disbursed as provided in the Bond Resolution, the Delegation Resolution and as more particularly described in the certificates executed and delivered at the closing of the Bonds.

**SECTION 9. Amendment of Bond Resolution.**

A. Pursuant to Section 7(c) of the Delegation Resolution, the following terms contained in the Bond Resolution are hereby amended (which amendment has been approved by the Authority's Chairman in consultation with the Authority's Bond Counsel) to read as follows:



I. All references in the Bond Resolution to "Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016" shall be amended to refer to "Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2017".

II. All references in the Bond Resolution to "Series 2016 Bonds" shall be amended to refer to "Series 2017 Bonds".

III. All references in the Bond Resolution to "2016 Project" shall be amended to refer to "2017 Project".

IV. All references in the Delegation Resolution to "2016 Accounts" shall be amended to refer to "2017 Accounts".

V. The Definition of "Interest Payment Date" contained in Section 101 of the Bond Resolution:

**"Interest Payment Date"** shall mean: (i) with respect to the Series 2017 Bonds, each March 15 and September 15, commencing March 15, 2017, or such other date or dates as provided for in the Award Certificate for the Series 2017 Bonds; and (ii) such other dates as shall be established by a Supplemental Resolution authorizing any other Series of Additional Bonds or Refunding Bonds. In the event an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day for interest accrued to the Interest Payment Date."

VI. The Definition of "Loan Agreement" contained in Section 101 of the Bond Resolution:

**"Loan Agreement"** shall mean the Loan and Security Agreement, dated as of February 1, 2017, by and between the Authority and the Township, together with any supplements and amendments thereto, relating to the 2017 Project to be financed with the proceeds of the Loan."

B. Pursuant to Section 6(c) of the Delegation Resolution, Section 101 of the Bond Resolution shall be amended to add the following new definitions (which amendment has been approved by the Authority's Chairman in consultation with the Authority's Bond Counsel) as follows:

I. **"Insurance Policy"** shall mean the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2017 Bonds when due."

II. **"Insured Bonds"** shall mean the Series 2017 Bonds maturing on March 15 in the years 2020 through and including 2036 insured by the Insurer pursuant to the Insurance Policy."

III. **"Insurer** shall mean Municipal Assurance Corp., a New York stock insurance company, or any successor thereto or assignee thereof."

C. Pursuant to Section 6(c) of the Determination Resolution, the Bond Resolution shall be further amended to add a new Section 1014 thereto (which amendment has been approved by the Authority's Chairman in consultation with the Authority's Bond Counsel) to read as follows:

"Section 1014. Provisions Relating to the Insurance Policy.

1. The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Insured Bonds are entitled to hereunder pertaining to: (i) defaults and remedies affecting the Insured Bonds; and (ii) the duties and obligations of the Trustee with respect to the Insured Bonds. In furtherance thereof, the Trustee (solely with respect to the Insured Bonds) and each holder of an Insured Bond appoints the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Authority or the Township under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding with respect to the Insured Bonds, including without limitation: (i) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding ("Claim"); (ii) the direction of any appeal of any order relating to any Claim; (iii) the posting of any surety, supersedeas or performance bond pending any such appeal; and (iv) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee (solely with respect to the Insured Bonds) and each holder of an Insured Bond delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee (solely with respect to the Insured Bonds) and each holder of an Insured Bond in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

2. No grace period for an Event of Default with respect to the Insured Bonds pursuant to section 901 hereof shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the Insurer.

3. The Insurer shall be considered as a third party beneficiary hereunder with respect to the Insured Bonds.

4. The exercise of any provision hereunder which permits the purchase of any of the Insured Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Insured Bond so purchased is not cancelled upon purchase.

5. Any amendment, supplement, modification to, or waiver hereunder or any other transaction document, including the Loan Agreement (each a "Related Document"), that requires the consent of holders of the Insured Bonds or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

6. Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default effecting the Insured Bonds or an event which with notice or lapse of time would constitute an Event of Default with respect to the Insured Bonds, amounts on deposit in the Acquisition Fund allocable to the Insured Bonds shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Insured Bonds.

7. The rights granted to the Insurer hereunder or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Bonds and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the holders of the Insured Bonds or any other person is required in addition to the consent of the Insurer.

8. (A) Only: (i) cash; (ii) non-callable direct obligations of the United States of America ("Treasuries"); (iii) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated; (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" by S&P and Kroll Rating Agency, respectively; or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Insured Bonds, pursuant to Section 1301 hereof, unless the Insurer otherwise approves.

(B) To accomplish defeasance of the Insured Bonds in accordance with Section 1301 hereof, the Authority shall cause to be delivered to the Insurer: (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"); (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Insurer); (iii) an opinion of nationally recognized bond counsel to the effect that the Insured Bonds are no longer "Outstanding" hereunder; and (iv) a certificate of discharge of the Trustee with respect to the Insured Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to

the Authority, the Trustee and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow. Insured Bonds shall be deemed "Outstanding" hereunder unless and until they are in fact paid and retired or the above criteria are met.

9. Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes hereof and the Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance herewith. This Resolution shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

10. Each of the Authority and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Pledged Property under applicable law.

11. The Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

12. The Authority shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with: (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies hereunder or any other Related Document or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect hereto, or related hereto, or to any other Related Document whether or not executed or completed; or (iv) any litigation or other dispute in connection herewith or with any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect hereof or to any other Related Document.

13. After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority or rebate only after the payment of past due and current debt service on the Series 2017 Bonds.

14. The Insurer shall be entitled to pay principal or interest on the Insured Bonds that shall become due for payment but shall be unpaid by reason of nonpayment by the Authority and any amounts due on the Insured Bonds as a

result of acceleration of the maturity thereof in accordance herewith, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

15. The Insurer shall have the right to receive such additional information as it may reasonably request.

16. The Authority or the Township will permit the Insurer to reasonably discuss the affairs, finances and accounts of the Authority or the Township or any information the Insurer may reasonably request regarding the security for the Insured Bonds with appropriate officers of the Authority or the Township and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Authority or the Township on any business day upon reasonable prior notice.

17. The Trustee shall notify the Insurer of any failure of the Authority or the Township to provide notices, certificates and other information under the Related Documents.

18. Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth herein, no such issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance unless otherwise permitted by the Insurer.

19. In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, hereunder would adversely affect the security for the Insured Bonds or the rights of the holders of the Insured Bonds, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

20. The security for the Insured Bonds shall include a pledge of the Loan Agreement and a default under the Loan Agreement shall constitute an Event of Default under the Resolution.

21. No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

22. The maturity of the Insured Bonds shall not be accelerated without the consent of the Insurer and in the event the maturity of the Insured Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Authority) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Insured Bonds shall be fully discharged.

D. Pursuant to Section 6(c) of the Determination Resolution, the Bond Resolution shall be further amended to add a new Section 1015 thereto (which amendment has been approved by the Authority's Chairman in consultation with the Authority's Bond Counsel) to read as follows:

"Section 1015. Claims Upon the Insurance Policy.

1. If, on the third Business Day prior to the a scheduled Interest Payment Date or Principal Payment Date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required hereunder, moneys sufficient to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) ("Insurer's Fiscal Agent") by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Bonds and the amount required to pay principal of the Insured Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

2. The Trustee shall designate any portion of payment of principal on Insured Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Bonds registered to the then current holder of such Insured Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement bond to the Insurer, registered in the name of Municipal Assurance Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement bond shall have no effect on the amount of principal or interest payable by the Authority on any Bond or the subrogation rights of the Insurer.

3. The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

4. Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of Insured Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on

behalf of holders of Insured Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of Insured Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2017 Bonds under the sections hereof regarding payment of the Series 2017 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Authority agrees to pay to the Insurer: (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy ("Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of: (i) the greater of, (a) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (b) the then applicable highest rate of interest on the Bonds; and (ii) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Pledged Property and payable from such Pledged Property on a parity with debt service due on the Bonds.

5. Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

E. Pursuant to Section 6(c) of the Determination Resolution, the Bond Resolution shall be further amended to add a new Section 1016 thereto (which amendment has been approved by the Authority's Chairman in consultation with the Authority's Bond Counsel) to read as follows:

"Section 1016. Notification to the Insurer. The Insurer shall be provided with the following information by the Authority, Township or Trustee, as the case may be: (i) Annual audited financial statements within 270 days after the end of the Township's fiscal year (together with a certification of the Township that it is not aware of any default or Event of Default hereunder), and the Township's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time; (ii) notice of any default known to the Trustee or Authority within five (5) Business Days after knowledge thereof; (iii) prior notice of the advance refunding or redemption of any of the Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof; (iv) notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto; (v) notice of the commencement of any proceeding by

or against the Authority or the Township commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding"); (vi) notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Insured Bonds; (vii) a full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and (viii) all reports, notices and correspondence to be delivered to holder of the Insured Bonds under the terms of the Related Documents.

**SECTION 10. Authority Financing Fee.** In accordance with the definition of "Initial Authority Financing Fee" contained in Section 1.01 of the Loan Agreement, the Initial Authority Financing Fee relating to the Bonds is \$4,387.00 calculated in accordance with the Authority Fee Schedule-County and Municipal Governmental Applicants adopted by resolution of the Authority dated April 11, 2002, as amended and supplemented.

**SECTION 11. Prior Action.** All actions which have been taken prior to the date hereof by the officers, employees, consultants and agents of the Authority with respect to the issuance and sale of the Bonds are hereby approved, ratified, adopted and confirmed on behalf of the Authority.

**SECTION 12. Additional Acts.** On behalf of the Authority, the Interim Executive Director and the Authorized Officers are authorized and directed to take all actions which they deem necessary or appropriate to effectuate and comply with the terms of this Award Certificate, the Bond Resolution and the Purchase Contract with respect to the issuance, sale and delivery of the Bonds.

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**SECTION 13. Effective Date.** This Award Certificate shall take effect immediately upon execution hereof.

**THE CAMDEN COUNTY IMPROVEMENT  
AUTHORITY**

By: \_\_\_\_\_  
**CHRISTOPHER A. ORLANDO,**  
**Interim Executive Director**

**Date: January 19, 2017**

**Accepted:**

**This 19th day of January, 2017**

**TOWNSHIP OF WATERFORD, NEW JERSEY**

By: \_\_\_\_\_  
**ADRIANE MCKENDRY, Chief Financial Officer**

**EXHIBIT A**

Bond Purchase Contract

**APPENDIX D**

Copy of Loan Agreement

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**LOAN AND SECURITY AGREEMENT**

**BETWEEN**

**THE CAMDEN COUNTY IMPROVEMENT AUTHORITY**

**AND**

**TOWNSHIP OF WATERFORD, NEW JERSEY**

**DATED AS OF FEBRUARY 1, 2017**

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THIS LOAN AND SECURITY AGREEMENT, dated as of February 1, 2017 ("Loan Agreement"), between The Camden County Improvement Authority ("Authority"), a public body corporate and politic and a political subdivision of the State of New Jersey ("State"), and the Township of Waterford, County of Camden, New Jersey ("Township"), a body politic and corporate of the State.

W I T N E S S E T H:

WHEREAS, the Authority is authorized by the County Improvement Authorities Law, constituting Chapter 183 of the Laws of 1960 of the State, as amended and supplemented (*N.J.S.A. 40:37A-44 et seq.*) ("Act"), to provide within the County of Camden, New Jersey ("County"), public facilities (as defined in the Act) for use by the State, the County or any beneficiary county, or any municipality in the County, or any two (2) or more or any subdivisions, departments, agencies or instrumentalities of any of the foregoing for any of their respective governmental purposes; and

WHEREAS, the Authority is authorized by the Act to make loans to any governmental unit or person for the planning, design, acquisition, construction, equipping and furnishing of all or any part of any public facility, for such consideration and for such period or periods of time and upon such other terms and conditions as it may fix and agree upon as long as such loans are secured by loan and security agreements, mortgages, leases and other instruments, the payments on which shall be sufficient to pay the principal of and interest on any bonds issued for such purpose by the Authority, and upon such other terms and conditions as the Authority shall deem reasonable; and

WHEREAS, the Authority has determined, pursuant to the Act, to finance a project consisting of: (i) the acquisition of certain real property by the Township ("Project Site"); (ii) the construction of a new, approximately 11,000 square foot Public Safety Building on said Project Site ("Facility"); and (iii) the acquisition of all materials and equipment and completion of all work necessary therefor or related to the acquisition of the Project Site and the construction of the Facility, all as more particularly described in the application submitted to the Authority, as it may be amended and supplemented (collectively, the "Project"); and

WHEREAS, all actions necessary and required under the Act for the approval of the Project, including obtaining the consent of the County, pursuant to Section 13 of the Act (*N.J.S.A. 40:37A-56*), to undertake the financing and the review of and consent to such financing by the Local Finance Board of the Division of Local Government Services, State Department of Community Affairs, has been taken by the Authority; and

WHEREAS, the Authority shall, pursuant to the Act, provide for the financing of the Costs (as hereinafter defined) of the Project and the lending of the proceeds thereof to the Township by the issuance of its Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2017 ("Series 2017 Bonds") to be payable from loan payments to be received from the Township pursuant to the terms and conditions set forth herein and in the Bond Resolution (as hereinafter defined); and

WHEREAS, the Series 2017 Bonds shall be issued pursuant to the provisions of Sections 201, 202 and 203 of the Bond Resolution; and



WHEREAS, the Township has authorized the performance of its obligations under this Loan Agreement, including the repayment of any Bonds issued by the Authority, including the Series 2017 Bonds, through the application of moneys on deposit in the Township's general fund through the adoption of the Loan Ordinance (as hereinafter defined).

NOW, THEREFORE, the parties hereto mutually agree as follows:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## ARTICLE I

### DEFINITIONS AND GENERAL PROVISIONS

**SECTION 1.01. Definitions.** The terms set forth in this Section 1.01 shall have the meanings ascribed to them for all purposes of this Loan Agreement unless the context clearly indicates some other meaning. Terms used herein and not defined herein shall have the meanings ascribed thereto in the Bond Resolution. Words in the singular shall include the plural and words in the plural shall include the singular where the context so requires.

**"Account"** or **"Accounts"** shall mean, as the case may be, each or all of the Accounts established and created under Article V of the Bond Resolution.

**"Acquisition Fund"** shall mean the Fund so designated, created and established pursuant to Section 502(1) of the Bond Resolution.

**"Act"** shall mean the County Improvement Authorities Law, constituting Chapter 183 of the Laws of 1960 of the State (*N.J.S.A. 40:37A-44 et seq.*), as amended and supplemented from time to time.

**"Additional Bonds"** shall mean Bonds authenticated and delivered pursuant to Section 205 of the Bond Resolution.

**"Additional Loan Payments"** shall mean all amounts payable by the Township to the Authority under this Loan Agreement including, but not limited to, the annual Trustee's fee and annual Authority Administrative Expenses, professional fees incurred for any arbitrage calculation, arbitrage rebate expenses, and all direct and indirect costs and expenses incurred by the Authority related to the enforcement of the Bond Resolution and this Loan Agreement, including reasonable attorneys' fees related thereto.

**"Additional Project"** shall mean any additions to the Project or the completion of the Project or any enlargements thereof undertaken pursuant to Section 7.03 hereof.

**"Agreement"** or **"Loan Agreement"** shall mean this Loan and Security Agreement, dated as of February 1, 2017, by and between the Authority and the Township, together with any supplements and amendments thereto relating to the Project to be financed with the proceeds of the Series 2017 Bonds issued by the Authority.

**"Annual Authority Administrative Fee"** shall mean an annual fee for the general administrative expenses of the Authority for each Series of Bonds, due on each anniversary of the Issue Date until such time as such Series of Bonds are no longer Outstanding in an amount equal to \$5,000, plus the amount of the actual fees which have been paid or incurred by the Authority for legal, auditing and rebate requirements, if any, in connection with such Series of Bonds and all other services or actions of the Authority in connection with this Loan Agreement; provided, however, that any such amount in excess of \$5,000 shall require the prior written approval of the Township.

**"Article"** shall mean a specified Article hereof, unless otherwise indicated.

**"Authority"** shall mean The Camden County Improvement Authority, a public body corporate and politic, organized and existing under the Act and created pursuant to a resolution of the Board of Chosen Freeholders of the County adopted on March 20, 1979, and any successor to its duties and functions.

**"Authority Administrative Expenses"** shall mean any and all expenses of the Authority and its agents, professionals and employees incurred or to be incurred by or on behalf of the Authority in the administration of its responsibilities under the Bond Resolution and this Loan Agreement, as applicable, including, but not limited to: (i) the Initial Authority Financing Fee; (ii) the Annual Authority Administrative Fee; (iii) all fees and expenses including, but not limited to, indemnification expenses, if any, incurred in connection with the issuance of any Bonds, the financing of the Project or the compelling of the full and punctual performance of the Bond Resolution and this Loan Agreement in accordance with the terms thereof and hereof; (iv) all fees and expenses including, but not limited to, indemnification expenses, if any, of counsel, auditors, insurers, Fiduciaries and others; and (v) any fees and expenses including, but not limited to, indemnification expenses, if any, incurred by the Paying Agent, the Bond Registrar or the Trustee or any or all Fiduciaries in connection with the performance of their respective fiduciary responsibilities under the Bond Resolution and this Loan Agreement, all to the extent not capitalized pursuant to the requirements of the Bond Resolution, which Authority Administrative Expenses shall be paid as Additional Loan Payments by the Township.

**"Authorized Authority Representative"** shall mean any Person or Persons authorized to act on behalf of the Authority by a written certificate signed on behalf of the Authority by the Chairman or Vice Chairman of the Authority containing the specimen signature of each such Person.

**"Authorized Township Representative"** shall mean any Person or Persons authorized to act on behalf of the Township as shall be set forth in a written certificate signed on behalf of the Township by the Mayor or Deputy Mayor of the Township, which form of certificate is set forth as Exhibit D annexed hereto and incorporated by this reference herein.

**"Bond Counsel"** shall mean the law firm of Parker McCay P.A., Mount Laurel, New Jersey, or any other lawyer or firm of lawyers with experience and nationally recognized expertise in the field of municipal finance selected by the Authority and acceptable to the Trustee.

**"Bondholder"**, **"Holder of Bonds"**, **"Holder"** or **"Owner"** shall mean any Person who shall be the Registered Owner of any Bond or Bonds.

**"Bond Resolution"** shall mean the resolution adopted by the Authority on April 14, 2016 entitled "Resolution of The Camden County Improvement Authority Authorizing the Issuance of Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2016", as the same may be amended, modified or supplemented in accordance with the provisions thereof.

**"Bond Year"** shall mean, with respect to the Series 2017 Bonds, each one (1) year period that ends on the day that is selected by the Authority. The first and last Bond Years may be short periods. If no day is selected by the Authority before the earlier of the final maturity date of the Series 2017 Bonds or the date that is five (5) years after the Issue Date, Bond Years shall end on each anniversary of the Issue Date and on the final maturity date of the Series 2017 Bonds. For each Series of Additional Bonds or Refunding Bonds, Bond Year shall be designated in the Supplemental Resolution pursuant to which such Series of Bonds is issued.

**"Business Day"** shall mean any day that is not a Saturday, a Sunday or a legal holiday in the State or the State of New York or a day on which the Trustee, the Bond Registrar, any Paying Agent or the Authority is legally authorized to close.

**"Code"** shall mean the Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations promulgated thereunder.

**"Completion Certificate"** shall mean the certificate described in Section 4.05 hereof, executed by the Township and the Authority, wherein, with respect to the Project (including any Additional Project), the Township certifies as to such matters as the Authority shall require, and which certificate further satisfies the requirements of Section 503(4) of the Bond Resolution.

**"Completion Date"** shall mean the date of completion of the Project as stated in the Township's Completion Certificate described in Section 4.05 hereof.

**"Continuing Disclosure Agreement"** shall have the meaning given to such term in Section 5.13 of this Loan Agreement.

**"Cost"** or **"Costs"** shall mean and shall be deemed to include, with respect to the Project or any portion thereof, together with any other proper and reasonable item of cost not specifically mentioned herein, whether incurred prior to or after the date of this Loan Agreement, (a) the costs of payment of, or reimbursement for, the acquisition, improvement, installation and financing of such Project including, but not limited to, environmental or remediation costs, advances or progress payments, appraisals, engineering, design, site work, surveys, title insurance, demolition, construction and equipment costs, installation costs, administrative costs and capital expenditures relating to the Project, capitalized interest, financing payments, sales taxes, excise taxes, property taxes, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recordation costs, printing costs for all documents, reproduction and binding costs, fees and charges of the Trustee pursuant to the Bond Resolution, financing documents, legal fees and charges, financial, accounting and other professional consultant fees, the Initial Authority Financing Fee for a particular Series of Bonds, all professional and consulting fees and charges of the Authority and the Township, costs of rating agencies, bond insurance, bond insurers or credit ratings, fees for the printing, execution, transportation and safekeeping of the Bonds, and any charges and fees in connection with any of the foregoing; (b) all other costs which the Township or the Authority shall be required to pay under the terms of any contract or contracts for the acquisition of the Project including, but not limited to, the cost of insurance; (c) any sums required to reimburse the Township for advances made for any of the above items, or for any other costs incurred and for work done, which is properly chargeable to the Project; (d) deposits in any Fund or Account under the Bond

Resolution, all as shall be provided in the Bond Resolution; and (e) such other expenses not specified herein or in the Bond Resolution as may be necessary or incidental to the acquisition of the Project, the financing thereof and the placing of the same in use and operation. Cost as defined herein shall be deemed to include the cost and expenses incurred by any agent of the Authority or the Township for any of the above-mentioned items or in connection with the administration and enforcement of this Loan Agreement.

**"County"** shall mean the County of Camden, a body politic and corporate of the State.

**"Debt Retirement Fund"** shall mean the Fund so designated, created and established pursuant to Section 502(6) of the Bond Resolution.

**"Debt Service"** for any period shall mean, as of any date of calculation, with respect to a particular Series of Bonds, including the Series 2017 Bonds, an amount equal to the sum of: (i) the interest accruing during such period on such Series of Bonds except to the extent such interest is to be paid from deposits made from Bond proceeds into the Debt Service Fund; and (ii) that portion of each Principal Installment which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the immediately preceding Principal Installment due date or, if there should be no preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of original issuance of a particular Series of Bonds, whichever is later. Such interest and Principal Installments for such Series of Bonds shall be calculated on the assumption that no Bonds Outstanding at the date of calculation shall cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof. The calculations in the preceding sentence shall be made on the basis of a thirty (30) day month and a three hundred sixty (360) day year.

**"Debt Service Fund"** shall mean the Fund so designated, created and established pursuant to Section 502(5) of the Bond Resolution.

**"Debt Service Requirement"** with respect to the next Interest Payment Date for any Series of Bonds shall mean: (i) in the case of an Interest Payment Date on which interest only shall be due, interest accrued and unpaid and to accrue to such date; and (ii) in the case of an Interest Payment Date on which both interest and a Principal Installment or Installments shall be due, interest accrued and unpaid and to accrue to such date plus the Principal Installment or Installments due on such date. The calculations in the preceding sentence shall be made on the basis of a thirty (30) day month and a three hundred sixty (360) day year.

**"Default Interest"** shall have the meaning given to such term in Section 308 of the Bond Resolution.

**"Default Interest Payment Date"** shall have the meaning given to such term in Section 308 of the Bond Resolution.

**"Event of Default"** shall mean a "default" or an "Event of Default" as defined in Section 8.01 hereof but not under the Bond Resolution.

**"Favorable Opinion of Bond Counsel"** shall mean an opinion of Bond Counsel, addressed to the Authority, the Township and the Trustee, to the effect that the action proposed to be taken is authorized or permitted by the Bond Resolution, any Supplemental Resolution and the Act and will not adversely affect the exclusion of interest on such Series of Bonds from gross income for purposes of federal income taxation under Section 103 of the Code.

**"Fiduciary"** or **"Fiduciaries"** shall mean the Trustee, the Paying Agent, the Bond Registrar, the dissemination agent pursuant to the Continuing Disclosure Agreement (as defined in Section 5.13 hereof), if any, or any or all of them, as may be appropriate.

**"Fiscal Year"** shall mean the respective twelve (12) month fiscal periods of the Township or the Authority, as applicable.

**"Fitch"** shall mean Fitch Ratings, Ltd., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

**"Fund"** or **"Funds"** shall mean, as the case may be, each or all of the Funds created and established in Section 502 of the Bond Resolution; provided, however, that such Funds do not constitute "funds" in accordance with generally accepted accounting principles.

**"Initial Authority Financing Fee"** shall mean, with respect to: (i) the Series 2017 Bonds, the amount calculated in accordance with the Authority Fee Schedule-County and Municipal Governmental Applicants adopted by resolution of the Authority dated April 11, 2002, as amended and supplemented, and as set forth in the Award Certificate executed by an Authorized Authority Representative in connection with the sale and award of the Series 2017 Bonds; and (ii) any Series of Additional Bonds or Refunding Bonds, the amount specified in the applicable Supplemental Resolution authorizing such Series of Bonds or the award certificate executed by an Authorized Authority Representative in connection with the sale and award of such Series of Additional Bonds or Refunding Bonds..

**"Interest Payment Date"** shall mean, with respect to the Series 2017 Bonds, each March 15 and September 15, commencing March 15, 2017 and such other dates as shall be established by a Supplemental Resolution authorizing a Series of Bonds. In the event an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day for interest accrued to the Interest Payment Date.

**"Issue Date"** shall mean, with respect to the Series 2017 Bonds, February 2, 2017, and any Series of Additional Bonds or Refunding Bonds, the date on which the Trustee authenticates the applicable Series of Bonds and on which such Bonds are delivered to the purchasers thereof upon original issuance.

**"Loan"** shall mean the loan by the Authority to the Township in the aggregate principal amount of \$3,750,000, to finance the Costs of the Project under the terms and conditions set forth herein.

**"Loan Documents"** shall mean this Loan Agreement, the Bond Resolution and all documents and instruments executed and delivered in connection herewith and therewith and all amendments and modifications thereto.

**"Loan Ordinance"** shall mean the ordinance adopted by the Township on April 27, 2016, approving and authorizing the execution and delivery, among other things, of the Loan Agreement by the Township and the performance of its obligations thereunder, including payment of Loan Payment obligations thereunder and Debt Service on any Bonds issued by the Authority, including the Series 2017 Bonds, entitled "AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT WITH THE CAMDEN COUNTY IMPROVEMENT AUTHORITY; AUTHORIZING THE PREPARATION AND DISTRIBUTION OF OFFERING DOCUMENTS AND OTHER AGREEMENTS; AND AUTHORIZING OTHER NECESSARY ACTION IN CONNECTION WITH THE TOWNSHIP OF WATERFORD'S PUBLIC SAFETY BUILDING PROJECT TO BE FINANCED THROUGH THE ISSUANCE OF BONDS BY THE CAMDEN COUNTY IMPROVEMENT AUTHORITY".

**"Loan Payment"** shall mean the sum of money representing principal and interest necessary to amortize Debt Service on the Series 2017 Bonds payable by the Township on each Loan Payment Date, as set forth in Exhibit A annexed hereto and incorporated by this reference herein, as described in Section 5.02(A) hereof and redemption premium, if any, to the extent required to redeem the Series 2017 Bonds pursuant to Article IV of the Bond Resolution and, as applicable, Additional Loan Payments payable by the Township upon demand pursuant to Sections 5.02(A) and (B) hereof, respectively.

**"Loan Payment Date"** shall mean, (i) with respect to the Series 2017 Bonds, five (5) Business Days prior to the applicable Interest Payment Date, Principal Installment Date or Sinking Fund Installment due date, as the case may be, and (ii) such other dates determined in accordance with the Loan Agreement as may be set forth in a Supplemental Resolution authorizing any other Series of Bonds.

**"Loan Term"** shall mean the period during which this Loan Agreement is in effect as specified in Section 5.01 hereof.

**"Month"** shall mean a calendar month.

**"Moody's"** shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

**"Operating Fund"** shall mean the Fund so designated, created and established pursuant to Section 502(3) of the Bond Resolution.

**"Outstanding"** when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Bond Resolution except:

(i) Bonds canceled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, together with interest to accrue thereon to the date of maturity or redemption date, shall be held in an irrevocable trust under the Bond Resolution and set aside for such payment or redemption (whether at or

prior to the maturity date); provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as specified in Article IV of the Bond Resolution;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII of the Bond Resolution and as described in Section 1206 of the Bond Resolution; and

(iv) Bonds deemed to have been paid as provided in Section 1301 of the Bond Resolution.

**"Person"** or **"Persons"** shall mean any individual, corporation, partnership, limited liability company, joint venture, trust or unincorporated organization or a governmental agency or any political subdivision thereof.

**"Prepayment"** shall mean any amounts received as prepayments of Loan Payments pursuant to Section 5.05 hereof and any other agreement with respect to any Additional Project.

**"Principal Installment"** shall mean, as of any date of calculation, and with respect to a particular Series of Bonds, so long as any Bonds thereof are Outstanding, (i) the principal amount of such Series of Bonds due on a certain future date for which no Sinking Fund Installments have been established plus any applicable redemption premium thereon, and (ii) any Sinking Fund Installments due on a certain future date for such Series of Bonds, if any, plus the amount of the sinking fund redemption premium, if any, which would be applicable upon redemption of such Series of Bonds on such future date in a principal amount equal to such Sinking Fund Installments.

**"Principal Installment Date"** shall mean: (i) with respect to the Series 2017 Bonds, each March 15, commencing March 15, 2017, or such other date or dates as provided for in the Award Certificate for the Series 2017 Bonds, on which any Principal Installment shall become due and payable by the Authority; or (ii) such other date as set forth in a Supplemental Resolution authorizing any other Series of Bonds. In the event a Principal Installment Date is not a Business Day, principal shall be paid on the next succeeding Business Day for the Principal Installment payable on the Principal Installment Date.

**"Proceeds"** shall mean any insurance, condemnation, performance bond, letter of credit, or any other financial guaranty proceeds paid with respect to the Project remaining after payment therefrom of all expenses incurred in the collection thereof and, with respect to insurance, if and at such time as the Township elects to provide self-insurance under Section 7.05 of this Loan Agreement, any moneys payable from any self-insurance fund of the Township which may lawfully be expended for the purposes for which such self-insurance is provided.

**"Proceeds Fund"** shall mean the Fund so designated, established and created pursuant to Section 502(4) of the Bond Resolution.



**"Project"** shall mean the financing of the costs associated with the consolidation of two (2) existing fire stations within the Township by: (i) the acquisition of the Project Site; (ii) the construction of the Facility; and (iii) the acquisition of all materials and equipment and completion of all work necessary therefor or related to the acquisition of the Project Site and the construction of the Facility, all as more particularly described in the application submitted to the Authority, as it may be amended and supplemented.

**"Rebate Fund"** shall mean the Fund so designated, created and established pursuant to Section 502(7) of the Bond Resolution.

**"Record Date"** shall mean, (i) with respect to the Series 2017 Bonds, March 1 and September 1 next preceding any Interest Payment Date, or such other date or dates as provided for in the Award Certificate for the Series 2017 Bonds, or (ii) such other dates as set forth in a Supplemental Resolution authorizing any other Series of Bonds.

**"Refunding Bonds"** shall mean any Bonds authenticated and delivered on original issuance pursuant to Section 206 of the Bond Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 1206 of the Bond Resolution.

**"Registered Owner"** shall mean the Owner of any Bond which is issued in fully registered form, as determined on the Record Date, as reflected on the registration books of the Authority which shall be kept and maintained on behalf of the Authority at the principal corporate trust office of the Bond Registrar.

**"Series"** shall mean all of the Bonds authenticated and delivered upon original issuance and pursuant to the Bond Resolution and any Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 406 or Section 1206 of the Bond Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

**"Series 2017 Bonds"** shall mean all of the Bonds so designated, authenticated and delivered upon original issuance pursuant to Section 203 of the Bond Resolution and which are designated Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2017.

**"Standard & Poor's"** or **"S&P"** shall mean Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

**"State"** shall mean the State of New Jersey or any successor to its duties and functions.

**"Supplemental Resolution"** shall mean any resolution supplemental to or amendatory of the Bond Resolution adopted by the Authority in accordance with Sections 205 and 206 and Article XI of the Bond Resolution.

**"Township"** shall mean the Township of Waterford, in the County of Camden, a municipal corporation of the State.

**"Trustee"** shall mean, with respect to the Series 2017 Bonds and any Series of Additional Bonds or Refunding Bonds issued under the Bond Resolution, TD Bank, National Association, Cherry Hill, New Jersey, and its successors and assigns or any other bank, trust company or national banking association that at any time may be substituted in its place pursuant to the Bond Resolution or appointed trustee pursuant to a Supplemental Resolution.

**"Underwriter"** shall mean the underwriter named in the bond purchase contract between the Authority and the underwriter and the Award Certificate, dated the date of sale of the Series 2017 Bonds.

**"Yield"** shall mean that yield which when used in computing the present worth of all payments of principal and interest on an obligation produces an amount equal to its purchase price. The Yield for the Bonds is to be computed in accordance with Treasury Regulations Section 1.148-4. The Yield on an investment is to be computed in accordance with Treasury Regulations Section 1.148-5.

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## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**SECTION 2.01. Township's Representations and Warranties.** The Township represents and warrants that:

(A) It is a duly formed and validly existing political subdivision of the State governed by the Constitution and laws of the State, with full power and legal right to enter into this Loan Agreement and to perform its obligations hereunder and under any other Loan Documents to which it is a party.

(B) The entering into of this Loan Agreement by the Township and the performance of its obligations hereunder have been duly authorized by all necessary action of its governing body and does not violate or constitute, on the part of the Township, a violation of, breach of or default under any agreement, indenture, mortgage, deed of trust, instrument or other document by which the Township or any of its properties are bound or with respect to any law, statute, rule or regulation or, to the knowledge of the Township, order of any court or governmental agency.

(C) This Loan Agreement constitutes a legal, valid and binding obligation of the Township, enforceable in accordance with its terms, subject to bankruptcy, insolvency or other similar laws or equitable principles affecting generally the enforcement of creditors' rights.

(D) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, pending or, to the knowledge of the Township, threatened, or any basis therefor, wherein an unfavorable decision, ruling or finding would: (1) result in any material adverse change in the financial condition, properties or operations of the Township that would materially adversely affect the ability of the Township to make Loan Payments; (2) materially adversely affect the ability of the Township to perform its obligations under this Loan Agreement; (3) materially impair the Project; (4) materially adversely affect the transactions contemplated by this Loan Agreement; or (5) adversely affect the validity or enforceability of the Series 2017 Bonds, the Bond Resolution, this Loan Agreement or any other documents related to the Project.

(E) Neither the execution and delivery of this Loan Agreement nor the fulfillment of or compliance with the terms and conditions contained herein is prevented, limited by, conflicts with or results in a breach of, the terms, conditions or provisions of: (1) any law, rule, regulation or, to the knowledge of the Township, order of any court or governmental agency, or (2) any agreement, instrument or evidence of indebtedness to which the Township is bound, or constitutes a default under any of the foregoing. All consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the undertaking of the Project and the transactions contemplated hereby and by the other Loan Documents either have been obtained or are reasonably expected to be obtained in due course.

(F) All statements, representations and warranties made by the Township in connection with the financing of the Project, the issuance of the Series 2017 Bonds, or the Loan Documents or in any other document, agreement, certificate or instrument delivered or to be

delivered by the Township in connection with any of the foregoing shall be true, correct and complete in all material respects at the time they were made and on and as of the date of issuance of the Series 2017 Bonds, and no information has been or will be omitted which would make any of the foregoing misleading or incomplete.

(G) There has been no material adverse change in the financial condition or operation of the Township not reflected in any financial statement, certificate or any other document submitted by the Township to the Authority.

(H) No legislation has been enacted which in any way adversely affects the execution and delivery of this Loan Agreement or the creation, organization or existence of the Township or the titles to office of any officials thereof or the power of the Township to carry out its obligations under this Loan Agreement.

(I) The Township is not a party to any indenture, loan, any other agreement, resolution, contract, instrument, or subject to any restriction, which may reasonably be expected to have a material adverse effect on its properties, operations or conditions, financial or otherwise, or on its ability to carry out its obligations under this Loan Agreement.

(J) The Township is not, as of the date hereof, in default or noncompliance in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party or by which it is bound or with respect to any law, statute, rule or regulation or, to the knowledge of the Township, any judgment, writ, injunction or order of any court or governmental agency.

(K) The Township has not taken and will not take any action and knows of no action that any other Person has taken or intends to take, which would cause this Loan Agreement to be invalid or unenforceable in whole or in part or which would cause the interest income on the Series 2017 Bonds to be includable in the gross income of the Holders thereof under the Code.

(L) The undertaking of the Project in the manner presently contemplated will not materially conflict with any current zoning, water, air pollution or other ordinances, orders, laws or regulations applicable thereto. The Township shall cause the Project to be acquired and constructed in accordance with all federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality. The Township shall acquire and complete the Project pursuant to this Loan Agreement.

(M) The Township shall apply the proceeds from the sale of the Series 2017 Bonds for the purposes specified and in the manner provided for in this Loan Agreement.

(N) The Township shall annually levy the municipal tax rate on all property within the Township in an amount sufficient and annually appropriate such amount for payment of its Loan Payment obligations hereunder (including, but not limited to, Debt Service on any Bonds issued by the Authority which are Outstanding under the Bond Resolution, including the Series 2017 Bonds, and Additional Loan Payments).

(O) Any certificate signed by an Authorized Township Representative and delivered to the Trustee or the Authority shall be deemed a representation and warranty by the Township to the Trustee or Authority, as the case may be, as to the statements made therein.

**SECTION 2.02. Authority Representations and Findings.** The Authority hereby confirms its findings and represents that:

(A) It is a public body corporate and politic constituting an instrumentality of the State, duly organized and existing under the laws of the State, particularly the Act. The Authority is authorized to issue the Series 2017 Bonds in accordance with the Act and to use the proceeds from the sale of the Series 2017 Bonds to make the Loan to the Township.

(B) The Authority has complied with the provisions of the Act and has full power and authority pursuant to the Act to consummate all transactions contemplated by this Loan Agreement, the Series 2017 Bonds, the Bond Resolution and any and all other agreements relating thereto and to issue, sell and deliver the Series 2017 Bonds as provided herein and in the Bond Resolution.

(C) Pursuant to the Bond Resolution duly adopted by the Authority and still in full force and effect, the Authority has duly authorized the execution, delivery and due performance of this Loan Agreement and the Series 2017 Bonds and the taking of any and all actions as may be required on the date hereof on the part of the Authority to carry out, give effect to and consummate the transactions contemplated by the Bond Resolution, the Series 2017 Bonds and this Loan Agreement. All approvals of the Authority necessary in connection with the foregoing have been received.

(D) The Series 2017 Bonds have been duly authorized, executed, issued, sold and delivered and constitute valid and binding direct, limited and special obligations of the Authority, the principal of, redemption premium, if any, and interest on which are payable solely from the revenues and other moneys derived pursuant to this Loan Agreement and pledged therefor by the Bond Resolution. The Series 2017 Bonds shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by this Loan Agreement, the Township, and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by this Loan Agreement, the Township, or be or constitute a pledge of the faith and credit of the State or of any political subdivision thereof other than, as applicable under and limited by this Loan Agreement, the Township.

(E) The final adoption of the Bond Resolution and the execution and delivery of this Loan Agreement and the Series 2017 Bonds, and compliance with the provisions hereof and thereof, do not conflict with or constitute on the part of the Authority a violation of the Constitution of the State or a violation or breach of or default under its by-laws or any statute, indenture, mortgage, deed of trust, note agreement or other agreement or instrument to which the Authority is a party or by which the Authority is bound or, to the knowledge of the Authority, any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Authority or any of its activities or properties. All consents, approvals, authorizations and orders of governmental or regulatory authorities which are required to be obtained by the

Authority for the consummation of the transactions contemplated hereby and thereby have been obtained.

(F) The Authority shall apply the proceeds from the sale of the Series 2017 Bonds and the revenues derived under this Loan Agreement for the purposes specified and in the manner provided in this Loan Agreement and the Bond Resolution.

(G) To the best knowledge of the Authority, there is no action, suit, proceeding or investigation at law or in equity, or before or by any court, public board or body pending or threatened against or affecting the Authority, or any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby, or which in any way would materially adversely affect the validity of the Series 2017 Bonds, the Bond Resolution, this Loan Agreement, or any other agreement or instrument to which the Authority is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby or the exemption from taxation as set forth herein.

(H) Any certificate signed by an Authorized Authority Representative and delivered to the Trustee or the Township shall be deemed a representation and warranty by the Authority to the Trustee or Township, as the case may be, as to the statements made therein.

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## ARTICLE III

### **ISSUE OF SERIES 2017 BONDS; LENDING CLAUSE**

**SECTION 3.01. Issue of the Series 2017 Bonds; Lending Clause.** (A) The Authority shall issue, sell and deliver the Series 2017 Bonds in accordance with the terms of the Bond Resolution and the Award Certificate, subject to the execution of a bond purchase contract by and between the Authority and the Underwriter for the Series 2017 Bonds. The Authority, in its sole discretion, may, but shall not be required to, issue Additional Bonds or Refunding Bonds for any of the purposes as permitted by the Bond Resolution

(B) The Authority agrees to lend to the Township, and the Township agrees to borrow from the Authority, the proceeds of the Series 2017 Bonds (including income earned on the investment of Series 2017 Bond proceeds), to be used in the manner prescribed herein and in the Bond Resolution to: (i) finance the Costs of the Project; and (ii) pay certain Costs incidental to the issuance and sale of the Series 2017 Bonds. The Township agrees to use its best efforts to expend the Series 2017 Bond proceeds to complete acquisition of the Project no later than February 2, 2019.

(C) Upon original issuance of the Series 2017 Bonds, proceeds thereof, including accrued interest, if any, shall be paid to the Trustee and applied in accordance with an order of the Authority simultaneously with the delivery thereof as follows: (i) an amount equal to the accrued interest on the Series 2017 Bonds, if any, for deposit in the Debt Service Fund in an Account established for the Series 2017 Bonds; (ii) an amount representing costs of issuance on the Series 2017 Bonds, including the Initial Authority Financing Fee, for deposit in the Operating Fund and paid to the Authority in accordance with Section 505(2) of the Bond Resolution; and (iii) the remaining Series 2017 Bond proceeds shall be deposited into the Acquisition Fund in an Account established for the Series 2017 Bonds and paid in accordance with Section 503 of the Bond Resolution.

**SECTION 3.02. Benefit of Bondholders.** This Loan Agreement is executed in part to induce the purchase by others of the Series 2017 Bonds and, accordingly, all covenants, agreements and representations on the part of the Township and the Authority, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the Holders from time to time of the Series 2017 Bonds. As such, any of the Funds created under the Bond Resolution and any moneys held therein shall be assigned by the Authority to the Trustee to secure repayment of the Series 2017 Bonds. The Township, by execution hereof, consents to such assignment for the benefit of the Bondholders to secure repayment of the Series 2017 Bonds.

**SECTION 3.03. Compliance with Bond Resolution.** The Township covenants and agrees to do all things within its power to comply with and to enable the Authority to comply with all requirements of the Bond Resolution, this Loan Agreement and any other Loan Documents to which the Authority is a party and to fulfill and to enable the Authority to fulfill all covenants of the Bond Resolution and the Loan Documents.

## ARTICLE IV

### **ACQUISITION AND CONSTRUCTION OF THE PROJECT**

**SECTION 4.01. Acquisition and Construction of Project.** (a) The Authority and the Township have agreed that the Authority shall acquire and construct the Project in accordance with all federal and State laws applicable thereto. The Township and the Authority agree that they shall use their respective best efforts to cause such acquisition and construction of the Project to be completed as soon as may be practicable, delays incident to strikes, riots, acts of God, the public enemy or any delay beyond its reasonable control only excepted; but if for any reason such acquisition and construction is delayed there shall be no diminution in or postponement of the amounts payable to the Authority by the Township under this Loan Agreement.

(b) The Authority shall be responsible for the letting of contracts and for conducting the due diligence on the Project, including appraisals, title work, environmental surveys, etc., and obtaining all consents, approvals, permits and the like in connection with or relating to the acquisition of the Project.

(c) The Township acknowledges that the Authority makes no warranties or representations and accepts no liabilities or responsibilities with respect to or for the adequacy, sufficiency or suitability of or defects in the Project or any contracts or agreements with respect to the Project. In no event shall the Authority be liable for any damages, incidental, direct, indirect, consequential or otherwise in connection with or arising out of the undertaking of the Project or this Loan Agreement.

**SECTION 4.02. Deposits to Acquisition Fund.** The net proceeds of the Series 2017 Bonds, less the proceeds deposited in the Debt Service Fund and the Operating Fund pursuant to the provisions of the Bond Resolution and the written order of the Authority as to delivery of the Series 2017 Bonds pursuant to Section 202(1)(b) of the Bond Resolution, will be deposited in the Acquisition Fund established under the Bond Resolution and shall be used by the Township for payment of Costs of the Project or an Additional Project upon requisition by the Township as provided in Section 503 of the Bond Resolution and Section 4.03 of this Loan Agreement. The Township agrees that the sums so requisitioned from the Acquisition Fund will be used to pay the Costs of the Project or an Additional Project. If for any reason the amount in the Acquisition Fund proves insufficient to pay all Costs of the Project or an Additional Project, the Township shall pay the remainder of such Costs in accordance with the provisions of Section 4.11 hereof. The Township shall have the right to enforce payments from the Acquisition Fund upon compliance with the procedures set forth in this Section 4.02, Section 4.03 hereof and Section 503 of the Bond Resolution; provided that, during the continuance of an Event of Default (as defined in the Bond Resolution), the Acquisition Fund shall be held for the benefit of Holders of the Series 2017 Bonds in accordance with the provisions of the Bond Resolution and the Loan Documents.

**SECTION 4.03. Payments From Acquisition Fund.** The Authority has, in Section 503 of the Bond Resolution, authorized and directed the Trustee to make payments from the Acquisition Fund to pay the Costs of the Project or an Additional Project, or to reimburse the Township for any Cost of the Project paid by it in accordance with a reimbursement resolution



adopted by the Township, upon receipt of a requisition signed by an Authorized Township Representative and approved by an Authorized Authority Representative (which approval shall not be unreasonably withheld) stating with respect to each payment to be made: (1) the requisition number; (2) that such payment is to be made from the Acquisition Fund; (3) the name and address of the Person to whom payment is to be made by the Trustee, or if payment is to be made to the Township for a reimbursable advance, the name and address of the Person to whom such advance was made together with proof of payment by the Township; (4) the amount to be paid, which amount represents the payment due to the Person referenced in clause (3) above, or one hundred per centum (100%) of the payment previously made by the Township; (5) the particular item of Cost to be paid to which the requisition relates; (6) that each obligation, item of Cost or expense mentioned therein has been properly incurred, is an item of Cost of the Project or an Additional Project, unpaid or unreimbursed, and is a proper charge against the Acquisition Fund and has not been the basis of any previously paid withdrawal or requisition; (7) that the public contracts bidding and prevailing wage laws (including, but not limited to, those required pursuant to the Act), applicable to the contract pursuant to which payment is being requested have been complied with; (8) if such payment is a reimbursement to the Township for Costs or expenses incurred (A) by reason of work performed or supervised by officers or employees of the Township and/or (B) as annual administrative costs associated with the implementation of the Project, that the amount to be paid does not exceed the actual cost thereof to the Township; (9) that no uncured Event of Default has occurred under this Loan Agreement or the Bond Resolution; (10) the Township has not received notice of any lien, right to lien or attachment upon, or other claim affecting the right to receive payment of, any of the moneys payable under such requisition to any of the Persons named therein or, if any of the foregoing has been received, it has been released or discharged or will be released or discharged upon payment of the requisition; and (11) in the event there are not sufficient funds available to pay such requisition from the maturity of any Investment Securities, instructions specifying the Investment Security or Securities which should be liquidated for the payment thereof. The Township agrees with the Authority as a condition precedent to the disbursement of any portion of the Acquisition Fund to comply with the terms of this Loan Agreement and the Bond Resolution and to furnish the Trustee with a requisition form substantially in the form set forth as Exhibit B annexed hereto and incorporated by this reference herein.

**SECTION 4.04. Cooperation in Furnishing Documents.** The Authority agrees to cooperate with the Township in furnishing to the Trustee any documents that are required to effect payments out of the Acquisition Fund in accordance with Section 4.03 hereof and Section 503 of the Bond Resolution. Such obligation is subject to any provisions of the Bond Resolution requiring additional documentation with respect to such payments and shall not extend beyond the moneys in the applicable Account in the Acquisition Fund available for payment under the terms of the Bond Resolution.

**SECTION 4.05. Completion Date.** Upon completion of the Project or an Additional Project, the Township shall deliver to the Trustee and the Authority the Township's Completion Certificate, the form of which is annexed hereto as Exhibit C and incorporated by this reference herein, which Completion Certificate shall evidence completion of the Project or an Additional Project, and in compliance with the provisions of Section 503(4) of the Bond Resolution shall state: (1) that such Project or Additional Project is complete or has been substantially completed; (2) the date of such completion of the Project or Additional Project; (3) the Cost of all labor, services, materials and supplies used in the Project or Additional Project

have been paid or will be paid from amounts retained by the Trustee, at the Township's direction, for any Cost of the Project or an Additional Project and the amount, if any, required, in the opinion of the signer or signers, for the payment of any remaining part of the Cost of such Project or Additional Project or any portion thereof, not then due and payable or, if due and payable, not yet paid; (4) the Project or Additional Project is an authorized "project" under the Act; and (5) all permits, including a Certificate of Occupancy, if required, necessary for the utilization of the Project or Additional Project have been obtained and are in effect. Notwithstanding the foregoing, the Township's Completion Certificate may state that it is given without prejudice to any rights against third parties which exist at the date of the Completion Certificate or which may subsequently come into being. Any amount remaining in the Acquisition Fund thereafter (except for amounts therein sufficient to cover Costs of the Project or an Additional Project, not then due and payable or not then paid) shall be applied by the Trustee in the manner set forth in Section 503(4) of the Bond Resolution. If for any reason the amount in the Acquisition Fund proves insufficient to pay all Costs of the Project or an Additional Project, the Township shall pay the remainder of such Costs in accordance with the provisions of Section 4.11 hereof.

**SECTION 4.06. Bonds Not to Become Arbitrage Bonds.** As provided in Article VI of the Bond Resolution, the Trustee will invest moneys held by the Trustee as directed by the Authority, in writing, upon written instructions from the Township. The Township hereby covenants to the Authority and to the Holders of the Series 2017 Bonds that, notwithstanding any other provision of this Loan Agreement or any other instrument, it will neither make, instruct the Authority to make nor require the Trustee to make any investment or other use of the Acquisition Fund or other proceeds of the Series 2017 Bonds which would cause the Series 2017 Bonds to be arbitrage bonds under Section 148 of the Code, and that it will comply with the requirements of such Section throughout the term of the Series 2017 Bonds.

**SECTION 4.07. Restriction on Use of Acquisition Fund.** The Township shall not use or direct the use of moneys from the Acquisition Fund in any way, or take or omit to take any other action, so as to cause the interest on any Series 2017 Bonds to become subject to federal income tax.

**SECTION 4.08. Due Diligence Requirement.** Except to the extent otherwise approved by a Favorable Opinion of Bond Counsel, such opinion being paid for by the Township and addressed to the Trustee, the Authority and the Township and being satisfactory to the Authority, the Township shall reasonably expect to have completed the Project with due diligence and caused all of the proceeds of the Series 2017 Bonds to be expended for Costs of the Project or to be transferred from the Acquisition Fund and applied as described in Section 4.09 hereof and Section 503(4) of the Bond Resolution within three (3) years of the date of issuance of the Series 2017 Bonds.

**SECTION 4.09. Completion of Project or Additional Project; Excess Bond Proceeds.** When the Township certifies to the Trustee and the Authority, in the manner provided in Section 4.05 hereof and in Section 503(4) of the Bond Resolution, that the acquisition of the Project or an Additional Project is complete, excess Bond proceeds remaining in the Acquisition Fund shall be applied by the Trustee, at the written direction of an Authorized Township Representative, in accordance with the provisions of Section 503(4) of the Bond Resolution. If for any reason the amount in the Acquisition Fund proves insufficient to pay all

Costs of the Project or an Additional Project, the Township shall pay the remainder of such Costs in accordance with the provisions of Section 4.11 hereof.

**SECTION 4.10. Default in Performance.** If there is an event of default by any contractor or any party under any contract made in connection with the Project or an Additional Project, the Township will promptly proceed, either separately or in conjunction with others, to exhaust the remedies against the party so in default and against each surety for the performance of such party. The Township agrees to advise the Authority, in writing, of the steps it intends to take in connection with any such default. The Township may, in good faith, with notice to the Authority and at the cost and expense of the Township, prosecute or defend any action or proceeding or take other action involving any such party which the Township deems reasonably necessary and which may be required for the successful completion of the Project or an Additional Project, and in such event, the Authority hereby agrees to cooperate fully with the Township. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing shall be deposited into the Acquisition Fund and shall be used to complete the Project or an Additional Project or shall be deposited into the Proceeds Fund and shall be applied by the Trustee as a credit toward the Township's Loan Payments in accordance with the provisions of Section 507 of the Bond Resolution, as shall be determined by the Authority in accordance with written instructions from the Township.

**SECTION 4.11. Sufficiency of Bond Proceeds; Completion of the Project.**

(A) The Township agrees that the proceeds of sale of the Series 2017 Bonds will be sufficient to pay the estimated Costs of the Project. In the event the Costs of the Project shall exceed the amount available to the Township in the Acquisition Fund from such Series 2017 Bond proceeds, the Township is obligated to pay, as additional payments under Section 5.02(B)(ii) hereof, such sums as may be required to pay the Costs of the Project in excess of the amount available to the Township from the proceeds of the sale of the Series 2017 Bonds out of funds legally available therefor. Payment of such additional amounts shall be made by the Township at the time or times and in the amount or amounts required for the payment of such excess Costs as the same become due and payable. Such additional moneys shall be paid by the Township to the Trustee for deposit in the Acquisition Fund and the Trustee shall pay the Costs thereof in accordance with the procedures outlined in Section 4.03 hereof.

(B) In the event the Township pays to the Trustee sums needed to fund the balance of the Costs of the Project in accordance with the provisions of Section 4.11(A) hereof, the Township shall complete Exhibit E attached hereto to reflect (i) the amount of moneys to be withdrawn from the Acquisition Fund to pay the Costs of the Project, (ii) the amount of money forwarded to the Trustee by the Township for deposit in the Acquisition Fund to make up the deficiency in such Costs of the Project, (iii) the total Cost of the item being requisitioned, and (iv) such other information required to be completed therefor as contained as Exhibit E, which certificate shall be completed by the Township and delivered and filed with the Authority and the Trustee.

## ARTICLE V

### TERM AND PAYMENTS

**SECTION 5.01. Loan Term.** This Loan Agreement shall remain in full force and effect from the date hereof until the date on which the principal or Redemption Price of and interest on the Series 2017 Bonds and any and all other Costs of the Authority with respect to the Project shall have been fully paid or provision for the payment thereof shall have been made as provided in the Bond Resolution, and the Township shall have satisfied and performed all other covenants, agreements and obligations made or undertaken by the Township under this Loan Agreement, at which time the Authority shall release and cancel this Loan Agreement.

The payment obligations created under this Loan Agreement are direct, general, irrevocable and unconditional obligations of the Township payable from any source legally available to the Township, including, without limitation, the general tax revenues of the Township, and the Township shall, if necessary, levy *ad valorem* taxes upon all the taxable property within the jurisdiction of the Township for the payment of such obligations, without limitation as to rate or amount.

**SECTION 5.02. Payments.** (A) Loan Payments. The Township agrees to repay the Loan in an amount which is equal to that portion of the principal of, redemption premium, if any, and interest on the Series 2017 Bonds. The Township agrees to pay to the Trustee, in immediately available funds, at the address shown on Exhibit F annexed hereto and incorporated by this reference herein or at such other address as the Township may be notified, on each Loan Payment Date, an amount in accordance with the schedule of Loan Payments set forth in Exhibit A annexed hereto and incorporated by this reference herein, which will equal the Township's Loan Payment obligation which is to be applied to the Debt Service payable on the Series 2017 Bonds on the immediately succeeding Interest Payment Date and/or Principal Installment Date, as applicable; provided, however, that with respect to the Loan Payments required to be paid pursuant to this Section 5.02, no Loan Payments shall be payable on any Loan Payment Date to the extent the Debt Service payable on such Loan Payment Date shall be paid or provided for under the Bond Resolution from the proceeds of the Series 2017 Bonds designated therefor by the Authority or from the income derived from the investment of amounts in the Funds or other amounts available in the Debt Service Fund established by and maintained under the Bond Resolution.

(B) Additional Loan Payments. In addition to the Loan Payments required by paragraph (A) of this Section 5.02, the Township agrees to pay the following additional amounts to the Trustee:

(i) The Township shall pay to the Trustee, as the same shall become due and payable at any time during the Loan Term, on any Loan Payment Date or thirty (30) days after demand by the Trustee, such sums as represent Additional Loan Payments including, but not limited to, Authority Administrative Expenses and any other amounts due hereunder, as shall have been submitted by the Authority, in writing, to the Trustee, with a copy to the Township. Specifically, but not by way of limitation, the Township agrees to pay to, or upon the order of, the Authority (a) on or before the Issue Date, the Initial Authority Financing Fee with respect to the Series of Bonds being issued by the Authority; and (b) on each anniversary of the

Issue Date with respect to each Series of Bonds until such time as such Series of Bonds are no longer Outstanding, the Annual Authority Administrative Fee;

(ii) The Township shall pay to the Trustee amounts required to be paid by the Township pursuant to Section 4.11 hereof; and

(iii) in the event the Township fails to make any Loan Payment or Additional Loan Payment in accordance with the provisions of this Section 5.02 on its due date, the Township shall pay interest (to the extent permitted by State law) on such overdue Loan Payment or Additional Loan Payment at the highest rate per annum borne by any of the Series 2017 Bonds until paid, which interest shall be paid directly to the Authority.

(C) Payment Credits. Pursuant to the provisions of the Bond Resolution, the Township shall be notified annually by the Trustee, in writing, of: (i) the amounts arising from investment earnings, not later than January 1 of each year; (ii) the amounts deposited in the Debt Service Fund from the Acquisition Fund representing excess Bond proceeds of the Series 2017 Bonds pursuant to Section 4.09 hereof and Section 503(4) of the Bond Resolution, not later than January 1 of each year; (iii) proceeds of any insurance award as a result of damage or condemnation of the Project pursuant to Sections 7.06 and 7.07 hereof; and (iv) all other amounts deposited in the Debt Service Fund pursuant to the provisions of this Loan Agreement and the Bond Resolution to be applied as a credit toward the Township's Loan Payment obligations, not later than January 1 of each year. In the event a dispute arises between the Authority and the Township with respect to the amount of the Loan Payments due and owing by the Township or the amount of credits to be applied toward the Loan Payments of the Township, such dispute shall be resolved by the Authority, exclusively in reliance upon information and statements provided by the Trustee to the Authority, and the Trustee shall have no obligation with respect thereto (except to the extent that the Trustee is obligated to provide statements showing such information). The Township is obligated to pay all amounts which constitute Loan Payments as set forth in Exhibit A hereto and Additional Loan Payments which are due under this Loan Agreement, less any payment credits provided by the terms of this subsection (C).

**SECTION 5.03. Application/Assignment of Payments.** (A) The Loan Payments provided for in paragraph (A) of Section 5.02 hereof and any Additional Loan Payments provided for in clauses (i) and (ii) of paragraph (B) of Section 5.02 hereof shall be paid to and assigned to the Trustee for the account of the Authority and applied as provided in this Loan Agreement and the Bond Resolution.

(B) The interest, if any, due thereon pursuant to clause (iii) of paragraph (B) of Section 5.02 hereof shall be paid directly to the Authority.

**SECTION 5.04. Obligations Unconditional.** The obligations of the Township to make payments required under Section 5.02 hereof and all other payments required under this Loan Agreement, as well as to perform its other obligations under this Loan Agreement, shall be absolute and unconditional without counterclaim, recoupment, defense or set-off by reason of any default by any party under any contract for the Project or by the Authority under this Loan Agreement or under any other agreement, if any, between the Township and the Authority. Except as may be expressly provided herein or in the Bond Resolution, such payments shall not be decreased, abated, postponed or delayed for any reason whatsoever including, without

limiting the generality of the foregoing, failure to commence or complete the Project, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, the taking of any part of the Project, frustration of purpose, failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, it being the intention of the parties that the payments required of the Township hereunder will be paid in full when due without any delay or diminution whatsoever. Notwithstanding the above, any payment made under protest by the Township to the Authority shall be made without prejudice to the right of the Township to proceed against the Authority, or the defaulting party as a result of the foregoing.

Notwithstanding anything in this Loan Agreement to the contrary, the cost and expense of the performance by the Township of its obligations under this Loan Agreement and the incurrence of any liabilities of the Township under this Loan Agreement including, without limitation, the obligation for the payment of all Loan Payments and all other amounts required to be paid by the Township under this Loan Agreement is a direct and general obligation for which the full faith and credit of the Township is hereby pledged, which obligation is not subject to Township appropriation and, unless the Loan Payments and such other amounts required to be paid by the Township under this Loan Agreement are paid from other sources, the Township shall be obligated to levy *ad valorem* taxes on all taxable property within the jurisdiction of the Township without limitation as to rate or amount.

**SECTION 5.05. Prepayments.** To the extent the Series 2017 Bonds are subject to redemption under the Bond Resolution, the Township shall have the option to prepay in full or in part the unpaid balance of the Loan, together with the Redemption Price, if any, on the Series 2017 Bonds, and accrued interest to the redemption date, upon written notice to the Trustee and the Authority of its intention to prepay the Loan, which notice shall comply, in all respects, with the provisions of Sections 402 and 405 of the Bond Resolution. The Township shall pay to the Trustee the amount of the Prepayment on a date at least thirty (30) days prior to the redemption date identified in the notice referred to herein for deposit by the Trustee in the Debt Retirement Fund to be applied to the redemption of the Series 2017 Bonds in accordance with Section 509 of the Bond Resolution.

In addition, pursuant to Section 206 of the Bond Resolution, the Authority shall have the right to effectuate a refunding of the Bonds through the issuance of Refunding Bonds, and the Township shall consent, in a writing addressed to the Authority, to the issuance of such Refunding Bonds prior thereto.

**SECTION 5.06. Payment on Termination of Loan Agreement.** The Authority agrees that, upon termination of this Loan Agreement, after first deducting any moneys due to the Authority for the Authority Administrative Expenses incurred or accruing or for the Annual Authority Administrative Fee, or due to the Fiduciaries for fees and expenses of the same, and so long as no Series 2017 Bonds remain Outstanding and payment therefor has been provided for in full, the Authority shall direct the payment to the Township of all moneys or securities held by the Trustee for the account of the Authority pursuant to the Bond Resolution and this Loan Agreement. If such expenses are not fully met from such payment by the Trustee to the Authority, the Township shall immediately reimburse the Authority therefor.

**SECTION 5.07. Indemnification of Authority.** Both during the Loan Term and thereafter, to the extent permitted by State law, the Township shall indemnify and hold the Authority harmless against, and the Township shall pay, any and all liability, loss, cost, damage, claims, judgment or expense, of any and all kinds or nature and however arising: (i) other than as a result of the gross negligence or willful misconduct of the Authority, its members, professionals, officers, agents, servants or employees, which the Authority may sustain, be subject to or be caused to incur by reason of any claim, suit or action based upon personal injury, death, or damage to property, whether real, personal or mixed, or upon or arising out of contracts entered into by the Township relating to the Project, or arising out of the use, operation or maintenance of the Project pursuant to this Loan Agreement; or (ii) other than as a result of the gross negligence or willful misconduct of the Authority, its members, professionals, officers, agents, servants or employees, out of or caused by any untrue or misleading statement of a material fact relating to the Township in Appendix A of the Official Statement, dated January 19, 2017, prepared in connection with the issuance of the Series 2017 Bonds ("Official Statement") or any omission of any material fact relating to the Township in Appendix A in the Official Statement. It is mutually agreed by the Township and the Authority that neither the Authority nor its members, professionals, officers, agents, servants or employees shall be liable in any event for any action performed or omitted to be performed under this Loan Agreement and that the Township shall save the Authority harmless from any claim or suit of whatsoever nature arising hereunder except for such claims or suits arising as a result of the Authority's active negligence or willful misconduct. This provision shall survive the end of the Loan Term and the final maturity of the Series 2017 Bonds.

The Township, at its own cost and expense, shall defend any and all such claims, suits and actions which may be brought or asserted against the Authority, its members, professionals, officers, agents, servants or employees relating to the performance of its obligations hereunder; but this provision shall not be deemed to relieve any insurance company which has issued a policy of insurance as may be provided for in this Loan Agreement from its obligation to defend the Township, the Authority, the Trustee and any other insured named in such policy of insurance in connection with claims, suits or actions covered by such policy. The Township agrees that it shall give the Authority and the Trustee prompt notice, in writing, of the Township's actual and/or constructive knowledge of the filing of each such claim and the institution of each such suit or action.

The Authority agrees that it:

(i) shall give the Township prompt notice, in writing, of the Authority's actual and/or constructive knowledge of the filing of each such claim and the institution of each such suit or action;

(ii) shall not, without the prior written consent of the Township, adjust, settle or compromise any such claim, suit or action; and

(iii) shall permit the Township to assume full control of the adjustment, settlement, compromise or defense of each such claim, suit or action. Notwithstanding the foregoing, the Township shall keep the Authority informed as to the progress of any suit, claim or action, and the Township shall not reach a

final settlement, adjustment or compromise without the Authority's prior approval, which approval shall not be unreasonably withheld.

Any cost for attorneys' fees in situations where it is necessary for the Authority to engage its own attorneys, experts' testimony costs and all costs to defend the Authority or any of its members, professionals, officers, agents, servants or employees with respect to matters arising hereunder shall be paid to the Authority by the Township and shall constitute an Additional Loan Payment pursuant to Section 5.02(B)(i) hereof.

**SECTION 5.08. Nature of Obligations of the Authority.** The cost and expense of the performance by the Authority of any of its obligations under this Loan Agreement shall be limited to the availability of the proceeds of the Series 2017 Bonds of the Authority issued for such purposes or from other funds received by the Authority under this Loan Agreement and available for such purposes.

**SECTION 5.09. Financial Reports.** The Township covenants to provide annually to the Authority and the Trustee within sixty (60) days after the same become available: (i) current financial statements; (ii) as evidence of appropriation, the adopted budget for the ensuing Fiscal Year; and (iii) such other financial information relating to the ability of the Township to continue to meet its obligations under this Loan Agreement as may be reasonably requested by the Authority and/or the Trustee.

**SECTION 5.10. Performance Bonds and Other Financial Guaranty.** To the extent required in connection with the undertaking of the Project, any performance bond or bonds, letter of credit or other form of financial guaranty shall be executed by a responsible surety company qualified to do business in the State and shall in each case be in an amount not less than one hundred percent (100%) of the contract price. Any performance bond, letter of credit or other form of financial guaranty provided pursuant to this Section 5.10 shall be made payable to the Township, the Authority and the Trustee, as their respective interests may appear. The Proceeds from any performance bond provided pursuant to this Section 5.10 shall be paid over to the Trustee for deposit into the Proceeds Fund and may be applied toward the Costs of the Project or as a credit toward the Loan Payment obligations of the Township hereunder in accordance with the provisions of Section 506(1) and (2) of the Bond Resolution.

**SECTION 5.11. Net Loan Agreement.** This Loan Agreement shall be deemed and construed to be a "net loan agreement", and the Township shall pay absolutely net during the Loan Term the Loan Payments and all other payments required under this Loan Agreement, free of all deductions, without abatement, diminution and set-off, except as otherwise specifically provided for hereunder.

**SECTION 5.12. Township Notice; Appropriation for Loan Payments.** The Township shall provide to the Authority and the Trustee, on an annual basis as long as any Debt Service payments on the Series 2017 Bonds remain unpaid, within five (5) Business Days after the adoption of a temporary appropriation and/or the filing of the annual budget, as introduced by the Township, with the Division of Local Government Services, a certificate of the Chief Financial Officer of the Township ("Budget Certificate") certifying that the temporary appropriation and/or the annual budget contains a line item which represents an amount due under this Loan Agreement for all Loan Payment obligations due from the Township during the



Township's Fiscal Year (including, but not limited to, Debt Service on the Series 2017 Bonds and Additional Loan Payments) and evidencing the tax levy at least equal to that amount per \$100 of equalized assessed value of property within the Township which shall be sufficient to pay all Loan Payment obligations due from the Township (including, but not limited to, Debt Service on the Series 2017 Bonds and Additional Loan Payments) and which shall be deposited in the general fund of the Township. Such Budget Certificate shall have attached a copy of the page of the temporary appropriation and/or the annual budget on which the line item appears and evidencing the tax levy at least equal to that amount per \$100 of equalized assessed value of property within the Township which shall be sufficient to pay all Township Loan Payment obligations hereunder (including, but not limited to, Debt Service on the Series 2017 Bonds and Additional Loan Payments) and which shall be deposited in the general fund of the Township. The Township shall also provide to the Trustee and the Authority, within five (5) Business Days thereof, notice of any revisions to such line item. In the event such Budget Certificate is not received by the Trustee within sixty (60) days following the beginning of the Township's Fiscal Year or the Trustee has actual knowledge that the Township has revised its budget without submitting a Budget Certificate or that the tax levy is not sufficient to pay all Township Loan Payment obligations hereunder (including, but not limited to, Debt Service on the Series 2017 Bonds and Additional Loan Payments), the Trustee shall promptly notify the Authority of such event(s) and the Authority may take immediate action to cause all Loan Payments to be timely paid by the Township. For the purposes of this Section 5.12, the Trustee shall be deemed to have actual knowledge only if an officer of the corporate trust department of the Trustee has actual knowledge thereof.

**SECTION 5.13. Secondary Market Disclosure.** The Township covenants that, as it is an Obligated Person pursuant to Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission in accordance with the Securities Exchange Act of 1934, as amended ("Rule"), with respect to any Series of Bonds, it will execute and deliver a Continuing Disclosure Agreement to be entered into with Phoenix Advisors, LLC, acting as dissemination agent ("Continuing Disclosure Agreement"), which Continuing Disclosure Agreement will set forth the obligation of the Township to file budgetary, financial and operating data on an annual basis and notices of certain enumerated material events as required to comply with and in accordance with the provisions of the Rule.

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## ARTICLE VI

### SPECIAL COVENANTS

**SECTION 6.01. Compliance with Laws and Regulations.** The Township will, at its own cost and expense, promptly comply with, or cause to be complied with, all laws, rules, regulations and other governmental requirements, which may be applicable to the Township, the Project or the use or manner of use of the Project provided that the Township shall not be required to so comply during the period when the need to so comply is being contested in good faith and by proper proceedings and will not result in a material, adverse detriment to the Project and provided further that such contest will not result in a forfeiture or reversion of title. The Township will also observe and comply with the requirements of all policies and arrangements of insurance at any time in force with respect to the Project provided that the Township shall not be required to so comply during the period when the need to so comply is being contested in good faith and by proper proceedings and provided further that it will not result in a material, adverse detriment to the Project or result in a forfeiture or reversion of title.

**SECTION 6.02. Covenant Against Waste.** The Township covenants not to do or suffer or permit to exist any waste, damage, disfigurement or injury to, or public or private nuisance upon, the Project.

**SECTION 6.03. Right of Inspection.** The Township covenants and agrees to permit the Authority and the authorized agents and representatives of the Authority to inspect the properties comprising the Project at all reasonable times during regular business hours for the purpose of inspecting same, upon not less than twenty-four (24) hours prior notice from the Authority, except that entry may be made at any time without notice in the event of an emergency.

**SECTION 6.04. Condition of the Project.** The Authority makes no representations whatsoever in connection with the condition of the Project, and the Authority shall not be liable for any defects therein.

**SECTION 6.05. Assignment of Loan Agreement by the Township.** This Loan Agreement may not be assigned in whole or in part by the Township without the prior written consent of the Authority and upon receipt by the Authority of a Favorable Opinion of Bond Counsel to the effect that any such assignment shall not adversely affect the exclusion from federal income taxation of interest on the Outstanding Series 2017 Bonds. No such disposition or assignment shall relieve the Township from primary liability for any of its obligations hereunder, and in the event of any such disposition or assignment the Township shall continue to remain solely liable for the payments specified in this Loan Agreement and for performance and observance of the other agreements on its part herein provided.

**SECTION 6.06. Sale, Lease or Sublease.** (A) The Township shall not sell, exchange, transfer, lease or sublease the Project, or any portion thereof or interest therein, without: (i) the prior written consent of the Authority, which request by the Township for such consent by the Authority to any such conveyance shall include written documentation that the procedures outlined in paragraph (B) below have been complied with; and (ii) the receipt by the Authority of a Favorable Opinion of Bond Counsel to the effect that such sale, exchange,

transfer, lease or sublease will not adversely affect the exclusion from federal income taxation of interest on the Outstanding Series 2017 Bonds. No sale, exchange, transfer, lease or sublease shall have any adverse effect upon this Loan Agreement or affect or reduce the Township's obligations hereunder or thereunder.

(B) In the event of a conveyance, through sale, exchange, transfer or other disposition, of title to or a lesser interest in any lands acquired by the Township with the proceeds of the Series 2017 Bonds, the Township shall evidence compliance with the provisions of *N.J.S.A. 40:12-15.4*, and any amendments thereto, or any successor statute, including: (i) the conduct by the Township of at least one public hearing on such conveyance; (ii) a finding contained in a resolution adopted by the governing body of the Township that any land previously acquired by the Township is required for another public use; (iii) any land conveyed or exchanged must be replaced by land of at least equal fair market value and of reasonably equivalent usefulness, size, quality and location to the land being conveyed or exchanged; and (iv) that any such conveyance or exchange must be made in accordance with the provisions of the Local Lands and Buildings Law (*N.J.S.A. 40A:12-1 et seq.*), as amended, or any applicable successor statute.

(C) Any moneys received by the Township from the conveyance or exchange of any such lands undertaken in accordance with the provisions hereof shall be deposited in the Acquisition Fund held by the Trustee and shall be applied: (i) to the purchase of lands satisfying the requirements of subparagraphs (B)(2), (3) and (4) above, or if such lands are not so available and the conditions described in subparagraphs (B)(2) and (3) above cannot be met by the Township, such moneys shall be applied (ii) as a credit toward the Township's Loan Payment obligations in accordance with the provisions of Sections 506 and 508 of the Bond Resolution and used to pay Debt Service on the Series 2017 Bonds.

**SECTION 6.07. Cooperation by the Township.** The Township, by notice in writing signed by an Authorized Township Representative, shall keep the Authority informed of anticipated needs for money to pay the Cost of the Project and the Township shall give the Authority its full cooperation and assistance in all matters relating to financing of the Cost of the Project.

The Township agrees that it shall provide and certify, or cause to be provided and certified, in form satisfactory to the Authority, such information concerning the Township and the Project, the operations and finances of the Township and such other matters necessary to enable the Authority to complete and publish an Official Statement relating to the sale of the a Series of Bonds, if any, or to enable the Authority to make any reports required by law or governmental regulations.

**SECTION 6.08. Full Faith and Credit Pledge.** The Township unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of the principal and redemption premium, if any, of the Loan, the interest on the Loan and all other amounts due under this Loan Agreement according to the terms hereof.

**SECTION 6.09. Compliance With Laws.** The parties to this Loan Agreement agree to comply with all laws of the State or other governmental bodies or entities having jurisdiction over the Township, the Project or this Loan Agreement and applicable to the performance of this Loan Agreement.

**SECTION 6.10. Covenant not to Affect the Tax-Exempt Status of the Series 2017 Bonds.** The Township hereby covenants not to take or omit to take any action so as to cause interest on the Series 2017 Bonds to be no longer excluded from gross income for the purposes of federal income taxation and to otherwise comply with the requirements of Section 103 and 141 through 150 of the Code, and all applicable regulations promulgated with respect thereto, throughout the term of the Series 2017 Bonds. The Township further covenants that it will make no investment or other use of the proceeds of the Series 2017 Bonds which would cause the Series 2017 Bonds to be "arbitrage bonds" (as defined in Section 148 of the Code). The Township further covenants to comply with the rebate requirements (including the prohibited payment provisions) contained in Section 148(f) of the Code and any regulations promulgated thereunder, to the extent applicable, and to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements, to the extent applicable. The Township further covenants not to cause the Series 2017 Bonds to become "private activity bonds" (within the meaning of Section 141 of the Code).

**SECTION 6.11. Affirmative Covenants.** So long as the Series 2017 Bonds remain Outstanding, the Township shall, unless the Authority shall otherwise consent in writing:

- (a) Preserve and maintain its legal existence, rights, franchises and privileges.
- (b) Comply with the requirements of all applicable laws, rules, regulations, ordinances and orders of any governmental authority, the non-compliance with which would reasonably be expected to materially and adversely affect its operations or financial condition, provided that the Township shall not be required to so comply during the period when the need to so comply is being contested in good faith and by proper proceedings.
- (c) Maintain and preserve, or cause to be maintained and preserved, in good working order and condition (the latter to the extent applicable) the Project or any portion thereof necessary or useful in the proper conduct of its operation.
- (d) Maintain and keep in effect or cause to be maintained and kept in effect any approvals, licenses, permits and similar documents necessary in the proper conduct of its operations at or related to the Project.
- (e) Acquire, operate, use and maintain the Project in accordance with all applicable federal, State and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter including, but not limited to, the Americans With Disabilities Act, workers' compensation, sanitary, safety, non-discrimination and zoning laws, ordinances, rules and regulations as shall be binding upon the Township and which might adversely affect its activities or its financial condition.
- (f) Furnish to the Authority and the Trustee the following:

(i) no later than sixty (60) days after the receipt and acceptance thereof by the Township, a detailed audit report for the preceding Fiscal Year, certified by certified independent public accountants selected by the Township, presenting the Township's revenues and expenses at the close of the preceding Fiscal Year and the results of its operations during said Fiscal Year; and

(ii) as soon as possible, and in any event within five (5) days, after the occurrence of each Event of Default (as such term is defined herein pursuant to Section 8.01 hereof) hereunder within the knowledge of the Township, or each event within the knowledge of the Township which, with the giving of notice or lapse of time, or both, would constitute an Event of Default hereunder, a statement of an Authorized Township Representative setting forth details of such Event of Default or event(s) and the action which the Township proposes to take with respect thereto.

(g) Raise moneys in the annual tax levy to be applied to and deposited in the general fund of the Township, as shall be sufficient to make the Loan Payments hereunder to enable the Authority to amortize Debt Service on the Series 2017 Bonds as long as the same are Outstanding.

**SECTION 6.12. Delivery of Documents.** Concurrently with the delivery of this Loan Agreement and the issuance of the Series 2017 Bonds, the Township shall cause to be delivered to the Authority each of the following items:

- (i) opinions of Township Solicitor and Township Bond Counsel in form and substance satisfactory to the Authority;
- (ii) counterparts of this Loan Agreement as previously executed by the parties hereto;
- (iii) copy of the Loan Ordinance of the governing body of the Township authorizing the execution and delivery of this Loan Agreement and related applicable matters, certified by an Authorized Township Representative, together with the record of proceedings thereof;
- (iv) the Loan Documents duly executed by the respective parties thereto;
- (v) copy of the Continuing Disclosure Agreement, if applicable; and
- (vi) such other certificates, documents, opinions and information as the Authority may reasonably require in connection with the execution, delivery and implementation of this Loan Agreement, the financing of the Project and the issuance of the Series 2017 Bonds.

**SECTION 6.13. Information.** The Township agrees, whenever reasonably requested by the Authority or the Trustee, to provide and certify or cause to be provided and certified such information concerning the Project, the Township and its financial condition, and other topics as the Authority may reasonably request and, further, the Township assures that the

records and accounts of the Township shall at all reasonable times be subject to inspection and use of the Authority and the Trustee and their respective agents and attorneys.

**SECTION 6.14. Rebate Covenant.** (A) Within forty-five (45) days of the end of each fifth anniversary date of the issuance of the Series 2017 Bonds, the Authority shall retain or cause the Township to retain a firm of certified public accountants or a financial consulting firm which is experienced in the calculation of the amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code or the penalty amount in lieu of rebate elected by the Authority under Section 148(f)(4)(C)(vii) of the Code ("Financial Consultant"), to compute the amount rebatable or payable as a penalty to the United States of America, if any, and will cause to be delivered to the Trustee an opinion of such Financial Consultant concerning its conclusions with respect to the amount rebatable or payable as a penalty to the United States of America, together with a written summary of the calculations thereof. The Township shall pay to the Trustee at such times as required under the Code an amount equal to the amount rebatable or payable as a penalty to the United States of America for deposit by the Trustee into the Rebate Fund. To the extent the amounts on deposit in the Rebate Fund as of any date of computation are less than the amount rebatable or payable as a penalty to the United States of America, the Township shall immediately pay the amounts necessary to the Trustee for deposit in the Rebate Fund.

(B) The amounts in the Rebate Fund shall be applied at the times and in the amounts required under the Code solely for the purpose of paying the United States of America in accordance with Section 148(f) of the Code.

(C) With respect to the Series 2017 Bonds, the Township covenants and agrees that it will comply with the requirements of the Code relating to the investment restrictions on the proceeds of the Series 2017 Bonds and the calculation of the amount rebatable or payable as a penalty to the United States of America and payment thereof under the Code.

(D) The Authority shall have the right at any time and from time to time, in its sole and absolute discretion, to obtain from the Township and the Trustee the information necessary to determine the amount to be paid to the United States. Additionally, the Authority may (1) review or cause to be reviewed any determination of the amount to be paid to the United States made by or on behalf of the Township; and (2) make or retain a Financial Consultant to make the determination of the amount to be paid to the United States of America. The Township hereby agrees to be bound by any such review or determination, to pay the costs of such review including, without limitation, the reasonable fees and expenses of any professional including, but not limited to, counsel or Financial Consultants retained by the Authority, and to pay to the Trustee any additional amounts for deposit in the Rebate Fund required as the result of any such review or determination.

(E) Notwithstanding any provision of this Section 6.14 to the contrary, the Township shall be liable, and shall indemnify and hold the Authority harmless against any liability, for payments due to the United States pursuant to Section 148(f) of the Code. Further, the Township specifically agrees that the Authority shall not be held liable, or in any way responsible, for any mistake or error in the filing of the payment or the determination of the amount due to the United States of America or for any consequences resulting from any such mistake or error.

(F) The Authority and the Township recognize that the provisions of this Section 6.14 are intended to comply with Section 148 of the Code and if, as a result of a change in such Section of the Code or in the interpretation thereof, a change in this Section 6.14 shall be permitted or necessary to assure continued compliance with Section 148 of the Code, then with written notice to the Trustee, the Authority and the Township shall be empowered to amend this Section 6.14 and the Authority may require, by written notice to the Township and the Trustee, the Township to amend, and the Township hereby agrees to consent to, comply with and be bound by any such amendment to this Section 6.14 to the extent necessary or desirable to assure compliance with the provisions of Section 148 of the Code; provided that either the Authority or the Trustee shall require, prior to any such amendment becoming effective, at the sole cost and expense of the Township, a Favorable Opinion of Bond Counsel satisfactory to the Authority to the effect that either (i) such amendment is required to maintain the exclusion from gross income under Section 103 of the Code of interest paid and payable on the Series 2017 Bonds or (ii) such amendment shall not adversely affect the exclusion from gross income under Section 103 of the Code of interest paid or payable on the Series 2017 Bonds.

(G) Notwithstanding anything herein or in the Bond Resolution to the contrary, the obligations of the Township under the provisions of this Section 6.14 shall survive the payment, redemption or defeasance of the Series 2017 Bonds until the expiration of all statutes of limitations applicable to the Authority with respect to the Series 2017 Bonds and Section 148 of the Code.

**SECTION 6.15. Negative Covenants.** So long as the Series 2017 Bonds remain Outstanding, the Township shall not, without the written consent of the Authority:

(a) Amend, modify, terminate or supplement, or permit the amendment, modification, termination or supplementation of, this Loan Agreement.

(b) With respect to any part of the Project, enter into any management or operating contract with a term greater than twelve (12) months with any entity or Person, without the prior written consent of the Authority.

(c) Permit any action to occur which would be in direct violation of any and all applicable federal, State and municipal laws, ordinances, rules and regulations now in force or hereinafter enacted, including the Act and regulations of the Authority promulgated thereunder and the regulations of the State Department of Environmental Protection.

**SECTION 6.16. Third Party Beneficiaries.** The Township agrees that the covenants, representations and warranties set forth herein are for the benefit of the Authority, Bondholders and the Trustee.

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## ARTICLE VII

### **INSURANCE; DAMAGE, DESTRUCTION AND CONDEMNATION**

**SECTION 7.01. Operation, Maintenance and Repair.** During the Loan Term, the Township shall be responsible for, and shall pay all costs of, maintaining, preserving and keeping the Project in good repair, working order and condition and protect the same from deterioration and for making all necessary repairs and replacements thereto in compliance with the requirements of applicable laws, ordinances and regulations and the requirements of any insurance or self-insurance program required under Section 7.05 hereof. Neither the Authority nor the Trustee shall have any obligation in any of these matters, or for the making of improvements or additions to the Project.

**SECTION 7.02. Utilities, Taxes and Governmental Charges.** The Township will pay or cause to be paid any and all charges for the operation and maintenance of the Project including, but not limited to, as applicable, water, electricity, light, heat or power, sewage, utility service, rendered or supplied upon or in connection with the Project during the Loan Term.

In addition, the Township shall: (i) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any federal, State or any municipal government upon the Authority or the Township with respect to or upon the Project, or any part thereof, or upon any payments hereunder when the same shall become due; (ii) duly observe and comply with all valid requirements of any governmental authority relative to the Project; (iii) not create or suffer to be created any lien or charge upon the Project, or any part thereof, or upon the payments in respect thereof pursuant to this Loan Agreement; and (iv) pay or cause to be discharged or make adequate provision to satisfy and discharge, within sixty (60) days after the same shall come into force, any lien or charge upon the Project, or any part thereof, or upon any payments hereunder and all lawful claims or demands for labor, materials, supplies or other charges which, if unpaid, might be or become a lien upon any payments hereunder. The Township shall, to the extent permitted by law, undertake all reasonable action necessary to obtain and preserve the legal exemption of the Project from the levy of taxes and assessments.

**SECTION 7.03. Additions, Enlargements and Improvements.** (A) The Township shall, with the prior written approval of the Authority, have the right at any time and from time to time during the Loan Term, at its own cost and expense, to make such enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, the Project as the Township shall deem necessary or desirable in connection with the use of the Project; provided, however, that prior to making any such enlargements, improvements and expansions to, or repairs, reconstruction or restorations of, the Project, the Township shall obtain all necessary permits and approvals relating to the same. All such additions, enlargements, improvements, expansions, repairs, reconstruction and restorations when completed shall be of such character as not to reduce or otherwise adversely affect the operation, maintenance or value of the Project. The cost of any such additions, enlargements, improvements, expansions, repairs, reconstruction or restorations shall be promptly paid or discharged so the Project shall at all times be free of liens for labor and materials supplied thereto.



(B) In the event the Township shall so request, in writing, to the Authority, the Authority may, but shall not be under any obligation to, subject to the terms and provisions of the Bond Resolution, issue Additional Bonds to pay the Cost of an Additional Project in which case such enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, the Project shall be and become a part of the Project.

**SECTION 7.04. Additional Rights of the Township.** The Authority agrees that the Township shall have the right, option and privilege of erecting, installing and maintaining at its own cost and expense such equipment and personalty in or upon the Project as may, in the Township's judgment, be necessary and advisable for its purposes. It is further understood and agreed that anything erected or installed under the provisions of this Section 7.04 shall be and remain the personal property of the Township and shall not become part of the Project, and may be removed, altered or otherwise changed as long as such removal does not cause substantial damage to the Project, upon or before the termination of this Loan Agreement.

**SECTION 7.05. Insurance.** With respect to the Project, or any portion thereof, as the case may be, the Township hereby assumes the entire risk of loss thereof from any and every cause whatsoever including, but not limited to, damage to or the destruction of the Project, or any portion thereof, by fire or any other casualty or the taking of title to or the temporary use of the Project, or a portion thereof, as the case may be, or the interest of the Township therein under the exercise of the power of eminent domain by any governmental body *de jure* or *de facto* or by any Person, firm or corporation acting under governmental authority. At its own expense, the Township shall cause casualty, public liability and all-risk property damage insurance to be carried and continuously maintained, or shall demonstrate (upon request) to the satisfaction of the Authority that adequate self-insurance is provided with respect to the Project sufficient in the aggregate to cover the full replacement cost of the Project or to pay the applicable value thereof, and to protect the Authority and the Trustee from liability in all events. Any casualty or property damage insurance policies shall include a standard non-contribution mortgagee clause in favor of and satisfactory to the Trustee and any liability insurance shall be for the benefit of the Trustee and the Authority as named insureds, as their interests may appear. All policies shall require that not less than thirty (30) days' written notice of cancellation or material change will be given to the Trustee. The Authority and the Trustee agree to accept allocated value blanket insurance policies, provided however, that any casualty or property damage insurance policies maintained pursuant to this Section 7.05 shall be so written or endorsed as to make losses, if any, with respect to the Project payable to the Trustee and applied as provided in Sections 7.06 or 7.07 hereof, as applicable. The Township will provide a copy of a blanket insurance policy or policies to the Authority as evidence of such coverage. If the Township maintains a program of self-insurance for similar properties, the Township may insure the Project in its self-insurance program and provide an adequate insurance fund to pay losses.

The Township agrees to deliver annually to the Authority not later than December 15 of each year a certificate dated as of December 1 of such year setting forth not less than the following: (i) a schedule of all insurance policies then in effect, including the names of the insurance companies, the risks covered, the periods for which such policies are in effect and the amounts of any coverage and the deductibles, if any; (ii) if certain risks are covered by self-insurance programs of the Township, a schedule identifying what risks are so covered; and (iii) a statement that all such insurance policies or self-insurance programs comply with the provisions of this Section 7.05 and are in full force and effect.

The Trustee shall promptly notify the Authority if such certificate is not received by December 31 of each year. All insurance policies shall be held by the Township and shall be open to the inspection of the Trustee and its representatives at all reasonable times, although absent contrary directions from the Authority, no such inspection shall be required of the Trustee. The net proceeds of the insurance required in this Section 7.05 shall be applied as provided in Sections 7.06 and 7.07 hereof.

**SECTION 7.06. Damage or Destruction.** The Township agrees to immediately notify the Authority and the Trustee in the case of damage to or destruction of the Project (or any portion thereof) resulting from fire or other casualty during the Loan Term. So long as no Event of Default has occurred and is continuing hereunder, the Township may, with the prior consent of the Authority (which consent shall not be unreasonably withheld), either (i) repair, reconstruct and restore the Project (or any portion thereof); or (ii) undertake an Additional Project, subject to the conditions set forth in Section 7.03 of this Loan Agreement and Section 503 of the Bond Resolution. In such event, the Township shall proceed forthwith to either repair, reconstruct and restore the Project (or any portion thereof) to substantially the same condition as existed prior to the event causing such damage or destruction or undertake an Additional Project in accordance with the provisions of this Section 7.06. As long as no Event of Default has occurred and is continuing hereunder, any such net proceeds of insurance relating to such damage or destruction shall be deposited in the Acquisition Fund and applied by the Trustee, and used as directed by the Township, for the payment of the Cost of such repair, reconstruction and restoration or such Additional Project, in the same manner and upon the same conditions as set forth in the Bond Resolution for the payment of the Cost of the Project. Any proceeds of insurance remaining following the repair and restoration of the Project or the undertaking of any Additional Project shall be transferred by the Trustee upon written direction of an Authorized Township Representative, as approved by an Authorized Authority Representative, and applied as a credit toward Loan Payments of the Township in accordance with the provisions of Section 503(2) of the Bond Resolution. The Township shall complete the repair, reconstruction and restoration of the Project (or any portion thereof) or the undertaking of any Additional Project, whether or not the proceeds of the insurance proceeds received by the Township are sufficient to pay for the same.

In the event the Authority does not consent to the repair, reconstruction and restoration of the Project (or portion thereof) or the undertaking of any Additional Project pursuant to the terms of this Section 7.06 then, in such event, the Township shall be under no obligation to repair, reconstruct and restore the Project (or portion thereof) or to undertake such Additional Project and the net proceeds of insurance relating to such damage or destruction shall be deposited in the Debt Service Fund and applied by the Trustee in accordance with the provisions of the Bond Resolution with respect thereto.

If an Event of Default has occurred and is continuing hereunder, any such proceeds of insurance shall be deposited with the Trustee in the Debt Service Fund and shall be applied by the Trustee in accordance with the provisions of Section 903 of the Bond Resolution.

**SECTION 7.07. Condemnation.** This Loan Agreement and the interest of the Township in the Project (or any portion thereof) which is condemned or taken for any public or quasi-public use shall be terminated when title thereto vests in the party condemning or taking

the same (hereinafter referred to as the "termination date"). The Township hereby irrevocably assigns to the Authority, all right, title and interest of the Township in and to the net proceeds of any award, compensation or taking during the Loan Term. Such award shall be initially paid to the Authority for disbursement as hereinafter provided.

So long as no Event of Default has occurred and is continuing hereunder, the Township shall use the net proceeds of the award made in connection with such condemnation or taking for replacement of the Project (or such portion thereof) or undertaking an Additional Project and the Township shall proceed forthwith to replace the Project (or such portion thereof) or undertake such Additional Project. In such event, any such net proceeds shall be deposited in the Acquisition Fund for application by the Trustee to pay the Cost of such replacement or the undertaking of such Additional Project, in the same manner and upon the same conditions set forth in the Bond Resolution for the payment of the Cost of the Project (or such portion thereof). Any proceeds of an award remaining following replacement of the Project (or such portion thereof) or undertaking any Additional Project as provided herein shall be transferred by the Trustee upon written direction of an Authorized Township Representative, as approved by an Authorized Authority Representative, and applied as a credit toward Loan Payments of the Township in accordance with the provisions of Section 503(2) of the Bond Resolution. The Township shall complete the replacement of the Project (or such portion thereof) or the undertaking of any Additional Project, whether or not the net proceeds of the condemnation award which are received by the Township are sufficient to pay for same.

If an Event of Default has occurred and is continuing hereunder, any such condemnation award shall be deposited with the Trustee in the Debt Service Fund and shall be applied by the Trustee in accordance with Section 903 of the Bond Resolution.

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## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

**SECTION 8.01. Events of Default.** An "Event of Default" or a "default" shall mean, whenever such word or words are used in this Loan Agreement, any one or more of the following events:

(a) Failure by the Township to pay or cause to be paid when due the payments required to be paid under Section 5.02(A) hereof;

(b) Failure by the Township to pay when due any payments (other than payments under Section 5.02(A) hereof) to be made under this Loan Agreement, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Township by the Authority or the Trustee;

(c) Failure by the Township to observe and perform any covenant, condition or agreement on its part to be observed or performed (other than as referred to in subsections (a) and (b) of this Section 8.01), which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Township by the Authority or the Trustee, unless the notifying party shall agree, in writing, to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the notifying party will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Township within the applicable period and diligently pursued until the default is remedied; and provided further that the failure of the Township to comply with the provisions of Section 5.13 hereof or the Continuing Disclosure Agreement shall not constitute an event of default hereunder;

(d) The entering of an order or decree appointing a receiver with the consent or acquiescence of the Township or the entering of such order or decree without the acquiescence or consent of the Township if it shall not be vacated, discharged or stayed within sixty (60) days after its entry; or

(e) A petition is filed by or against the Township under any federal or State bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Township such petition shall be dismissed within thirty (30) days after filing and such dismissal shall be final and not subject to appeal; or the Township shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Township or any of its property shall be appointed by court order or take possession of the Township's property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

The foregoing provisions of subsection (c) of this Section 8.01 are subject to the following limitations: if by reason of acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of the government of the United States or of the State or any department, agency, political subdivision or official of either of them, or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, blizzards, or other storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, partial or entire failure of utilities, or any cause or event not reasonably within the control of the Township, the Township is unable, in whole or in part, to carry out its agreements herein contained, the Township shall not be deemed in default during the continuance of such inability. The Township agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements, provided that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the Township, and the Township shall not be required to make settlement of strikes, lockouts and other disturbances by acceding to the demands of an opposing party or parties when such course is, in the judgment of the Township, unfavorable to the Township.

If any Event of Default described in this Section 8.01 shall have occurred, and if no acceleration of the amounts payable hereunder shall have been declared pursuant to Section 8.02 hereof, and all amounts then due and payable hereunder are paid by the Township and the Township also performs all other things in respect of which it may have been in default hereunder and pays any reasonable charges of the Authority and the Trustee, including reasonable attorneys' fees (or, in the case of a failure by the Township to make a payment of the Annual Authority Administrative Fee, if the Authority shall extend the time for making such payment), then, and in every such case, such Event of Default shall be deemed to have been cured and the parties hereto shall be restored to their former respective positions; but no such curing of an Event of Default shall extend to or affect or constitute a waiver of any subsequent Event of Default or impair any right or remedy consequent thereon.

Notwithstanding the above, an Event of Default under this Article VIII shall not be construed as an Event of Default under the Bond Resolution.

**SECTION 8.02. Acceleration and Annulment Thereof; Opportunity to Cure**

**Default.**

(A) If any Event of Default occurs hereunder, the Authority and the Trustee may, with the prior consent and direction of the 51% or more of the Holders of the Series 2017 Bonds, declare all amounts payable during the Loan Term in respect of the unpaid principal balance of the Loan made hereby, together with all interest accrued and all other amounts then payable to the Authority or the Trustee, to be immediately due and payable; and upon such declaration the said principal amount shall become due and payable immediately, anything in the Bond Resolution, the Series 2017 Bonds or this Loan Agreement to the contrary notwithstanding.

(B) If, after such declaration, all amounts due, which were due and payable prior to such declaration, are paid by the Township and the Township also performs all other things in respect of which it may have been in default hereunder and pays the reasonable charges of the Authority and the Trustee, including reasonable attorneys' fees, then, and in every such

case, the Authority, by notice to the Township and the Trustee, and subject to the provisions of the Bond Resolution, may annul such declaration and its consequence and the Township, the Authority and the Trustee shall be restored to their respective former positions and rights under the Bond Resolution; but no such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon. Upon such payment and annulment, this Loan Agreement shall be fully reinstated as if it had never been accelerated.

**SECTION 8.03. Payments by the Township.** (A) If an Event of Default referred to in Section 8.01(a) hereof shall have happened and be continuing and there remains outstanding Loan Payments which have not been paid by the Township to the Trustee pursuant to the terms of this Loan Agreement (which determination shall be made by the Trustee as at the close of business on any Loan Payment Date), the Trustee, on behalf of the Authority, shall notify the Chief Financial Officer of the Township or its designee, an Authorized Township Representative and the Authority, in writing, not later than 4:00 p.m. of the first Business Day after such Loan Payment Date, of the failure of the Township to pay its Loan Payment on the Loan Payment Date, which notice shall state the amount of any such deficiency as at the close of business on the Loan Payment Date and that such deficiency must be cured no later than the next ensuing Interest Payment Date and Principal Installment Date, as applicable. The Authority and the Trustee shall undertake all diligent efforts to pursue the Township and cause it to pay all amounts due and owing to the Authority under this Loan Agreement prior or subsequent to an Interest Payment Date and Principal Installment Date, as applicable.

(B) When written notice has been provided to the Township by the Trustee as described above, the Township shall take all actions necessary and permitted by law to make payment of an amount equal to the deficiency owed, which amount, when added to available amounts on deposit in the Debt Service Fund, shall be sufficient to pay the principal of and interest on the Series 2017 Bonds due on the next ensuing Interest Payment Date and Principal Installment Date, as applicable.

**SECTION 8.04. Remedies.** Upon the occurrence of an Event of Default hereunder, the Authority may exercise any one or more of the remedies available to it under the terms of this Loan Agreement, any other agreement, or now or hereafter existing at law or in equity or by statute separately or concurrently and as often as required to enforce the Township's obligations hereunder. In addition to the other remedies provided in this Loan Agreement, the Authority shall be entitled to the restraint by injunction of the violation, or attempted or threatened violation, by the Township of any of the covenants, conditions or provisions of this Loan Agreement, and to a decree compelling specific performance of any such covenants, conditions or provisions.

In case of any proceeding of the Authority wherein appointment of a receiver may be permissible, the Authority, as a matter of right and immediately upon institution of each proceeding, upon written notice to the Township, shall be entitled to appointment of a receiver, with such powers as the court making such appointment can confer. Upon demand, the Township shall pay to the Authority all expenses, including receiver's fees, costs and agent's compensation, incurred pursuant to the provisions of this Section 8.04 and all such expenses shall be secured by this Loan Agreement.

**SECTION 8.05. Cumulative Rights; No Implied Waiver.** No remedy conferred upon or reserved to the Authority or the Trustee by this Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement, any other agreement, or now or hereafter existing at law or in equity or by statute. No delay, omission or waiver by the Authority or the Trustee of any breach by the Township of any of its obligations, agreements or covenants hereunder, shall be deemed a waiver of any subsequent breach, and no delay or omission to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

**SECTION 8.06. No Duty to Mitigate Damages.** The Authority and the Trustee shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate damages if an Event of Default shall occur hereunder.

**SECTION 8.07. Employment of Attorneys.** If the Authority and the Trustee, in accordance with the terms of the Bond Resolution or this Loan Agreement, or as reasonably determined by such party, shall require and employ attorneys or incur other expenses for the collection of payments due or to become due or the enforcement or performance or observance of any obligation or agreement on the part of the Township herein contained, the Township shall, on demand thereof, pay to the Authority or the Trustee, as applicable, the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Authority or the Trustee, or any of them.

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## ARTICLE IX

### MISCELLANEOUS

**SECTION 9.01. Successors and Assigns.** This Loan Agreement shall inure to the benefit of the Township, the Authority and the Trustee and their respective successors and assigns and shall be binding upon the Township, the Authority and the Trustee and their respective successors and assigns; provided, however, that the Township may only assign this Loan Agreement in accordance with Section 6.05 hereof.

**SECTION 9.02. Amendments, Changes and Modifications.** Except as otherwise provided in this Loan Agreement and the Bond Resolution, subsequent to the issuance of the Series 2017 Bonds and prior to payment or provision for the payment of all Series 2017 Bonds in full and any other obligations incurred by the Authority to pay the Cost of the Project, including interest, premiums and other charges, if any, thereon, and payment or provision for the payment of Authority Administrative Expenses, this Loan Agreement may not be amended, changed, modified, altered or terminated so as to adversely affect the interests of the Holders of the Series 2017 Bonds without the prior written consent of the Holders of at least fifty-one percent (51%) in aggregate principal amount of the Series 2017 Bonds then Outstanding; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of the Outstanding Series 2017 Bonds, the consent of the Holders of which is required for any such amendment, change, modification, alteration or termination or to decrease the amount of any payment required to be made under this Loan Agreement or extend the time of payment thereof. This Loan Agreement may be amended, changed, modified and altered without the prior written consent of the Holders of the Series 2017 Bonds to provide necessary changes only to cure any ambiguity, correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, in connection with the issuance of Additional Bonds and Refunding Bonds pursuant to the Bond Resolution and applicable Supplemental Resolution or to provide other changes which will not adversely affect the interests of such Holders. No other amendment, change, modification, alteration or termination of this Loan Agreement shall be made other than pursuant to a written instrument signed by the Authority and the Township and in accordance with the Bond Resolution and this Loan Agreement. Copies of any amendments to this Loan Agreement shall be filed with the Trustee.

For all purposes of this Section 9.02, the Trustee shall be entitled to rely upon a Favorable Opinion of Bond Counsel with respect to the extent, if any, as to which any action adversely affects the interests of any Holders of Series 2017 Bonds then Outstanding.

**SECTION 9.03. Amounts Remaining Under Bond Resolution.** Upon expiration of the Loan Term, it is agreed by the parties hereto that any amounts remaining in any Fund or Account created under the Bond Resolution, after payment in full of the Series 2017 Bonds (or provisions for payment thereof having been made in accordance with the provisions of the Bond Resolution) and the fees, charges and expenses of the Trustee, the Paying Agent and the Authority in accordance with the Bond Resolution and this Loan Agreement, shall belong to and be paid to the Township pursuant to Section 512 of the Bond Resolution. Notwithstanding the above, if the Series 2017 Bonds shall have been defeased in accordance with Section 1301 of the Bond Resolution, unclaimed funds remaining under the Bond Resolution pursuant to Section



1302 thereof shall be released to the Authority free and clear of the lien and pledge of the Bond Resolution.

**SECTION 9.04. Counterparts.** This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 9.05. Headings.** The Article and Section headings in this Loan Agreement are inserted for convenience of reference only and are not intended to define or limit the scope of any provision of this Loan Agreement.

**SECTION 9.06. Non-Waiver.** It is understood and agreed that nothing contained in this Loan Agreement shall be construed as a waiver on the part of the parties, or any of them, of any right not explicitly waived in this Loan Agreement.

**SECTION 9.07. Survival of Loan Agreement.** Notwithstanding anything else to the contrary herein, the provisions of Sections 2.01(N), 4.08, 5.08, 6.10 and 6.14 hereof shall survive the expiration of the Loan Term and the final maturity of the Series 2017 Bonds.

**SECTION 9.08. Assignment.** This Loan Agreement may not be assigned by the Township except as provided in Section 6.05 hereof.

**SECTION 9.09. Severability.** Any provision of this Loan Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any such jurisdiction.

**SECTION 9.10. Applicable Law.** This Loan Agreement shall be deemed to be a contract made in the State and governed by the laws of the State.

**SECTION 9.11. Notices.** All notices, consents, approvals and statements (including statements of amounts due hereunder) required to be given or authorized to be given by either party pursuant to this Loan Agreement shall be in writing, and shall be sent by facsimile transmission (with written confirmation of receipt and hard copy to follow in a manner described below) or shall be sent by personal delivery, registered or certified mail or recognized overnight delivery to the main office of the other party, (i) in case of the Authority, addressed to it at its office at: 2220 Voorhees Town Center, Voorhees, New Jersey 08043 Attention: Executive Director, with copies to Bond Counsel to the Authority, presently, Parker McCay P.A., 9000 Midlantic Drive, Suite 300, Mount Laurel, New Jersey 08054 Attention: Philip A. Norcross, Esquire; and (ii) in the case of the Township and the Trustee, respectively, addressed to each at the address shown below:

If to the Township:

Township of Waterford  
2131 Auburn Avenue  
Atco, New Jersey 08004  
Attention: Chief Financial Officer

If to the Trustee:

TD Bank, National Association  
1006 Astoria Boulevard  
Cherry Hill, New Jersey 08034  
Attention: Corporate Trust Services

or to such other representatives or addresses as the Authority, the Township or the Trustee may designate, in writing.

Any such notice shall be effective on the third Business Day following the mailing thereof, or upon the date of receipt, whichever is earlier.

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IN WITNESS WHEREOF, the Authority has caused this instrument to be signed by its Chairman as its duly authorized officer and its official seal to be hereunto affixed and the Township has caused this instrument to be executed in its name by its Chief Financial Officer and its official seal to be hereunto affixed, all as of the day and year first above written.

**THE CAMDEN COUNTY IMPROVEMENT  
AUTHORITY**

By: \_\_\_\_\_  
**WILLIAM R. HOSEY,**  
**Chairman**

**ATTEST**

\_\_\_\_\_  
**JAMES LEX, Secretary**

**(SEAL)**

**TOWNSHIP OF WATERFORD, NEW JERSEY**

By: \_\_\_\_\_  
**ADRIANE MCKENDRY,**  
**Chief Financial Officer**

**ATTEST**

\_\_\_\_\_  
**LORI FRIDDELL, Township Clerk**

**(SEAL)**

## EXHIBIT A

### LOAN PAYMENT SCHEDULE

Loan				
Payment Date				
(Five (5) Business				
Days Before	Principal	Interest	Total	Annual
March 15 and	Portion of	Portion of	Basic Loan	Loan
September 15, as	Basic Loan	Basic Loan	Basic Loan	Loan
Set Forth Below)	Payment	Payment	Payment	Payment
3/15/2017	135,000.00	17,184.77	152,184.77	-
9/15/2017	-	69,236.25	69,236.25	221,421.02
3/15/2018	100,000.00	69,236.25	169,236.25	-
9/15/2018	-	67,236.25	67,236.25	236,472.50
3/15/2019	110,000.00	67,236.25	177,236.25	-
9/15/2019	-	65,036.25	65,036.25	242,272.50
3/15/2020	115,000.00	65,036.25	180,036.25	-
9/15/2020	-	62,736.25	62,736.25	242,772.50
3/15/2021	115,000.00	62,736.25	177,736.25	-
9/15/2021	-	60,436.25	60,436.25	238,172.50
3/15/2022	120,000.00	60,436.25	180,436.25	-
9/15/2022	-	58,036.25	58,036.25	238,472.50
3/15/2023	165,000.00	58,036.25	223,036.25	-
9/15/2023	-	53,911.25	53,911.25	276,947.50
3/15/2024	170,000.00	53,911.25	223,911.25	-
9/15/2024	-	51,361.25	51,361.25	275,272.50
3/15/2025	180,000.00	51,361.25	231,361.25	-
9/15/2025	-	46,861.25	46,861.25	278,222.50
3/15/2026	190,000.00	46,861.25	236,861.25	-
9/15/2026	-	42,111.25	42,111.25	278,972.50
3/15/2027	200,000.00	42,111.25	242,111.25	-
9/15/2027	-	37,111.25	37,111.25	279,222.50
3/15/2028	210,000.00	37,111.25	247,111.25	-
9/15/2028	-	31,861.25	31,861.25	278,972.50
3/15/2029	215,000.00	31,861.25	246,861.25	-
9/15/2029	-	28,636.25	28,636.25	275,497.50
3/15/2030	225,000.00	28,636.25	253,636.25	-
9/15/2030	-	25,120.63	25,120.63	278,756.88
3/15/2031	230,000.00	25,120.63	255,120.63	-
9/15/2031	-	21,526.88	21,526.88	276,647.51
3/15/2032	235,000.00	21,526.88	256,526.88	-
9/15/2032	-	17,708.13	17,708.13	274,235.01
3/15/2033	245,000.00	17,708.13	262,708.13	-
9/15/2033	-	13,665.63	13,665.63	276,373.76
3/15/2034	255,000.00	13,665.63	268,665.63	-
9/15/2034	-	9,362.50	9,362.50	278,028.13
3/15/2035	265,000.00	9,362.50	274,362.50	-
9/15/2035	-	4,725.00	4,725.00	279,087.50
3/15/2036	270,000.00	4,725.00	274,725.00	-
9/15/2036	-	-	-	274,725.00
Total	3,750,000.00	1,550,544.81	5,300,544.81	5,300,544.81

**EXHIBIT B**  
**FORM OF REQUISITION FOR PAYMENT**

**THE CAMDEN COUNTY IMPROVEMENT AUTHORITY  
TOWNSHIP GENERAL OBLIGATION LOAN REVENUE BONDS  
(WATERFORD TOWNSHIP PUBLIC SAFETY BUILDING PROJECT), SERIES 2017**

**REQUISITION REF. NO. \_\_\_\_\_**

I, the undersigned \_\_\_\_\_ [insert title] of the Township of Waterford, New Jersey ("Township") DO HEREBY CERTIFY that I am an Authorized Township Representative duly designated by the Township to execute and deliver this certificate on behalf of the Township. I DO HEREBY FURTHER CERTIFY pursuant to and in accordance with the terms of a Loan and Security Agreement by and between The Camden County Improvement Authority ("Authority") and the Township, dated as of February \_\_, 2017 ("Loan Agreement") as follows:

1. This requisition is Requisition No. \_\_\_\_\_ and is to be paid in connection with the portion of the Project described below:

Project Description:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Payment is to be made from the Acquisition Fund.

3. The name and address of the Person, firm or corporation to whom payment is due is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[If such payment is to be made to the Township for a reimbursable advance, insert the name and address of the Person, firm or corporation to whom such advance was made together with proof of payment by the Township.]

4. The amount to be paid to such Person, firm or corporation named in Paragraph 3 above is \$\_\_\_\_\_.

[Attach description and invoice or billing reference.]

5. Each obligation, item of Cost or expense mentioned herein has been properly incurred, is a proper charge against the Acquisition Fund, is an item of Cost of the Project, is unpaid or unreimbursed, and has not been the basis of any previously paid withdrawal or requisition.

6. The applicable public contracts bidding laws, prevailing wage laws (including, but not limited to, the Act) and affirmative action requirements applicable to the contract pursuant to which payment is being requested have been complied with.

7. If such payment is a reimbursement to the Township for Costs or expenses incurred (A) by reason of work performed or supervised by officers or employees of the Township and/or (B) as annual administrative costs incurred by the Township, such amount mentioned herein to be paid does not exceed the actual cost thereof to the Township.

8. No uncured Event of Default has occurred under the Loan Agreement or the Bond Resolution (as defined in the Loan Agreement) and everything required to be performed by the Township has been performed.

9. The Township has received no written notice of any lien, right to lien or attachment upon, or other claim affecting the right to receive payment of, any of the moneys payable under this requisition to any of the Persons, firms or corporations named herein, or if any of the foregoing has been received, it has been released or discharged or will be released or discharged upon payment of this requisition.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Loan Agreement.

**DATED:** \_\_\_\_\_

**TOWNSHIP OF WATERFORD,  
NEW JERSEY**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

The undersigned, on behalf of The Camden County Improvement Authority, hereby approves the above requisition.

**DATED:** \_\_\_\_\_

**THE CAMDEN COUNTY  
IMPROVEMENT AUTHORITY**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**EXHIBIT C**

**FORM OF COMPLETION CERTIFICATE**

The Camden County Improvement Authority  
2220 Voorhees Town Center  
Voorhees, New Jersey 08043

TD Bank, National Association,  
as Trustee  
1006 Astoria Boulevard  
Cherry Hill, New Jersey 08034

Pursuant to Section 4.05 of the Loan and Security Agreement by and between the Authority and the Township dated as of February \_\_, 2017 ("Loan Agreement"), the undersigned, an Authorized Township Representative (all undefined terms used herein shall have the same meaning ascribed to them in the Loan Agreement), as of the date hereof, certifies that:

- (i) the portion of the Project described below was completed as of \_\_\_\_\_, 20\_\_;

Project Description:

\_\_\_\_\_  
\_\_\_\_\_

- (ii) as of such date referenced in clause (i) above, except for amounts retained by the Trustee, at the Township's direction, for any Cost of the Project not now due and payable or, if due and payable, not presently paid, the Cost of all labor, services, materials and supplies used in the Project have been paid, or will be paid from amounts retained by the Trustee, at the Township's direction, for any Cost of the Project not then due or payable, or if due and payable, not then paid;
- (iii) the Township has paid the amount of \$\_\_\_\_\_ toward the Costs of the Project;
- (iv) the Project is being operated and maintained as an authorized "public facility" under the Act; and
- (v) all permits, including a Certificate of Occupancy, if required or necessary for the utilization of the Project, have been obtained and are in effect.

Any amount hereafter remaining in the Acquisition Fund (except amounts therein sufficient to cover Costs of the Project not now due and payable or not presently paid and except for interest or other income earned from the investment of the moneys held in the Acquisition Fund, if any) shall be transferred by the Trustee and shall be applied by the Trustee in accordance with Sections 4.05 and 4.09 of the Loan Agreement and Section 503(4) of the Bond Resolution and shall not be invested at a yield materially higher than the yield on the Series 2017 Bonds as provided in the Bond Resolution.

This certificate is given without prejudice to any rights against third parties which exist on the date hereof or which may subsequently come into being.

**TOWNSHIP OF WATERFORD,  
NEW JERSEY**

**By: \_\_\_\_\_  
Authorized Township Representative**

Dated: \_\_\_\_\_, 20\_\_\_\_



**EXHIBIT D**

**CERTIFICATE AS TO AUTHORIZED  
TOWNSHIP REPRESENTATIVE**

I, William A. Richardson, Jr., the duly appointed and acting Mayor of the Township of Waterford, New Jersey ("Township") DO HEREBY CERTIFY that I am duly authorized under the Loan Agreement (as hereinafter defined) to execute and deliver this certificate on behalf of the Township. I DO HEREBY FURTHER CERTIFY as follows:

1. Adriane McKendry is the Chief Financial Officer of the Township.

2. Lori Friddel is the Clerk of the Township.

3. The following individual(s) have each been designated as Authorized Township Representatives in accordance with the provisions of the Loan Agreement and each are duly qualified, empowered and authorized so to act on behalf of the Township and to deliver documents on behalf of the Township.

<u>Name</u>	<u>Signature</u>
Adriane McKendry	_____
Lori Friddel	_____

Capitalized terms used herein and not otherwise defined shall have the same meanings ascribed thereto in a Loan and Security Agreement dated as of February \_\_, 2017 by and between The Camden County Improvement Authority and the Township ("Loan Agreement").

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_th day of February, 2017.

**TOWNSHIP OF WATERFORD,  
NEW JERSEY**

By: \_\_\_\_\_  
**WILLIAM A. RICHARDSON, JR., Mayor**

**EXHIBIT E**

**REQUISITION REF. NO. 2017-\_\_\_\_\_**

I, the undersigned \_\_\_\_\_  
[insert title] of the Township of Waterford, New Jersey ("Township") DO HEREBY CERTIFY that I am an Authorized Township Representative duly designated by the Township to execute and deliver this certificate on behalf of the Township. I DO HEREBY FURTHER CERTIFY pursuant to and in accordance with the terms of the Loan and Security Agreement between The Camden County Improvement Authority ("Authority") and the Township dated as of February \_\_, 2017 ("Loan Agreement") as follows:

1. This requisition is Requisition No. 2017-\_\_\_\_\_.

2. The name and address of the Person, firm or corporation to whom payment is due is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. The amount to be paid to such Person, firm or corporation named in Paragraph 2 above is \$\_\_\_\_\_.

[Add description and include invoice or billing reference]

4. The Item(s) of Cost of the Project to which this requisition relates is \_\_\_\_\_  
\_\_\_\_\_.

5. \$\_\_\_\_\_ is the amount necessary to pay the Cost related to the Project.

6. \$\_\_\_\_\_ is the amount of money the Township has forwarded to the Trustee on behalf of the Authority for deposit in the Acquisition Fund to fund the balance of the Cost related to the Project. [Attach check for Trustee, copy of the check for the Authority]

7. Each item of Cost or expense mentioned in Paragraph 5 hereof has been properly incurred, is an item of Cost and is a proper charge against the Acquisition Fund and has not been the basis of any previous withdrawal.

8. The public contracts bidding laws, prevailing wage laws (including, but not limited to, the Act) and affirmative action requirements applicable to the contract pursuant to which payment is being requested have been complied with.

9. No uncured Event of Default has occurred under the Loan Agreement or the Bond Resolution.

10. The Township has received no written notice of any lien, right to lien or attachment upon, or other claim affecting the right to receive payment of, any of the moneys payable under this requisition to any of the Persons, firms or corporations named herein, or if any of the foregoing has been received, it has been released or discharged or will be released or discharged upon payment of this requisition.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Loan Agreement.

**DATED:** \_\_\_\_\_

**TOWNSHIP OF WATERFORD,  
NEW JERSEY**

**By:** \_\_\_\_\_

The undersigned, on behalf of The Camden County Improvement Authority, hereby approves the above requisition.

**DATED:** \_\_\_\_\_

**THE CAMDEN COUNTY  
IMPROVEMENT AUTHORITY**

**By:** \_\_\_\_\_

**EXHIBIT F**

**TRUSTEE INFORMATION**

The name/address/phone number of the Trustee is:

TD Bank, National Association  
1006 Astoria Boulevard  
Cherry Hill, New Jersey 08034  
Attention: Corporate Trust Services  
Catherine M. Alessi, Vice President

Phone number: (856) 685-5105

Fax number: (856) 685-5267

**APPENDIX E**

Proposed Form of Opinion of Bond Counsel

February 2, 2017

The Camden County Improvement Authority  
2220 Voorhees Town Center  
Voorhees, New Jersey

**RE: \$3,750,000 THE CAMDEN COUNTY IMPROVEMENT AUTHORITY  
TOWNSHIP GENERAL OBLIGATION LOAN REVENUE BONDS  
(WATERFORD TOWNSHIP PUBLIC SAFETY BUILDING PROJECT),  
SERIES 2017**

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Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance and sale by The Camden County Improvement Authority ("Authority") of \$3,750,000 aggregate principal amount of its Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2017 ("Bonds").

The Bonds are issued pursuant to and in accordance with: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey ("State") (*N.J.S.A. 40:37A-44 et seq.*), and the acts amendatory thereof and supplemental thereto ("Act"); and (ii) a bond resolution of the Authority, duly adopted on April 14, 2016 ("Bond Resolution"), as amended and supplemented by a Delegation Resolution adopted by the Authority on April 14, 2016 ("Delegation Resolution"); and as further amended and supplemented by a Certificate of Determination and Award ("Award Certificate") duly executed by the Interim Executive Director of the Authority on January 19, 2017 (as amended and supplemented, the "Resolution"). Capitalized terms, not otherwise defined herein, shall have the meanings ascribed thereto in the Resolution, unless the context clearly requires otherwise.

The Bonds are being issued to provide funds which: (i) will be loaned to the Township of Waterford, County of Camden, New Jersey ("Township") to finance (a) the acquisition of certain real property by the Township ("Project Site"), (b) the construction of a new, approximately 11,000 square foot Public Safety Building on said Project Site ("Facility"), and (c) the acquisition of all materials and equipment and completion of all work necessary therefor or related to the acquisition of the Project Site and the construction of the Facility, all as more particularly described in the application submitted to the Authority, as it may be amended and supplemented (collectively, the "2017 Project"); and (ii) utilized to pay costs of issuance with respect to the sale and delivery of the Bonds.

The Authority and the Township have entered into a Loan and Security Agreement, dated as of February 1, 2017 ("Loan Agreement"), pursuant to which the Authority will lend to the Township the proceeds of the Bonds for the purpose of paying the Costs of the 2017 Project,

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**



and the Township will pay the Authority on each Loan Payment Date an amount equal to the principal of and interest on the Bonds and, as applicable, Additional Loan Payments as and when the same become due and payable, upon demand pursuant to the terms of the Loan Agreement (collectively, the "Loan Payments").

The Bonds are direct, limited and special obligations of the Authority payable solely from the Revenues and secured by a lien on the Pledged Property of the Authority and from any other moneys pledged therefor under the Resolution. "Revenues" consist of: (i) all amounts, including Loan Payments, received by the Authority from the Township under the Loan Agreement, and any other agreement with respect to any Additional Project; (ii) any moneys or securities held pursuant to the Resolution and paid or required to be paid into the Debt Service Fund; (iii) any payments made by the Township to the Authority pursuant to Section 708 of the Resolution; (iv) interest received on any moneys or Investment Securities held under the Resolution (other than in the Rebate Fund) and required to be paid into the Revenue Fund pursuant to the Resolution; and (v) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of a particular Series of Bonds pursuant to a Supplemental Resolution.

The Township's obligation to make Loan Payments is a general obligation of the Township authorized pursuant to a Loan Ordinance, duly and finally adopted by the Township on April 27, 2016 ("Loan Ordinance"). Pursuant to the Loan Ordinance, the Township is unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable real property within the Township without limitation as to rate or amount when required under the provisions of applicable law and the Loan Agreement for the payment, when due, of the Loan Payments.

The Bonds are dated February 2, 2017, mature on March 15 in each of the years and in the principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable initially semi-annually March 15 and September 15, commencing March 15, 2017, in each year until maturity or earlier redemption.

<u>Year</u> <u>(March 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year</u> <u>(March 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2017*	\$135,000	4.000%	2027	\$200,000	5.000%
2018	100,000	4.000	2028	210,000	5.000
2019	110,000	4.000	2029	215,000	3.000
2020	115,000	4.000	2030	225,000	3.125
2021	115,000	4.000	2031	230,000	3.125
2022	120,000	4.000	2032	235,000	3.250
2023	165,000	5.000	2033	245,000	3.300
2024	170,000	3.000	2034	255,000	3.375
2025	180,000	5.000	2035	265,000	3.500
2026	190,000	5.000	2036	270,000	3.500

The Bonds are issued in fully registered book-entry-only form in the form of one certificate for each maturity of the Bonds. The Bonds are subject to optional redemption prior to maturity in the manner and upon the terms and conditions set forth in the Resolution.



As Bond Counsel to the Authority, we have examined the Bond Resolution, the Delegation Resolution, the Award Certificate, the Loan Agreement and such statutes of the State and such resolutions of the Authority and proceedings relating thereto as we have deemed necessary to enable us to render the opinions set forth below. We have also examined and relied upon the proceedings authorizing the issuance of the Bonds and the execution and delivery of the Loan Agreement, and certain certifications and agreements (including a Certificate as to Nonarbitrage and Other Tax Matters ("Nonarbitrage Certificate") executed by the Authority and the Township with respect to the Bonds) intended to satisfy certain provisions of the Internal Revenue Code of 1986, as amended ("Code"), and applicable Treasury Regulations, rulings and court decisions, receipts and other documents which we have considered relevant. We have also examined a specimen Bond and have relied on certifications as to the execution and authentication of the Bonds. We have assumed that all documents, records and other instruments examined by us are genuine, accurate and complete and we have not undertaken to verify the factual matters set forth in any certificates or other documents by independent investigation.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Authority has been duly created and is validly existing under the provisions of the Constitution and the laws of the State, including the Act.

2. The Authority has the right and the power under the Act to adopt the Resolution and the Resolution has been duly adopted by the Authority and constitutes a valid and binding obligation of the Authority, enforceable in accordance with its terms except to the extent that enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium or other laws or other legal or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

3. The Loan Agreement has been duly authorized, executed and delivered by the Authority and, assuming that such agreement has been duly authorized, executed and delivered by the Township and constitutes a legal, valid and binding obligation of the Township, is a legal, valid and binding obligation of the Authority, enforceable against the Authority in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by Creditors' Rights Limitations.

4. The Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute valid and binding special and limited obligations of the Authority, enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by Creditors' Rights Limitations.

5. Interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals or corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of (i) the "adjusted current earnings" of a corporation over (ii) the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).





Interest on tax-exempt obligations, including the Bonds, is not excludable in computing a corporation's "adjusted current earnings." Accordingly, a portion of any interest on the Bonds received or accrued by a corporation that owns the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax is included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by: (i) the Authority with the covenants contained in the Resolution, the Loan Agreement and the Nonarbitrage Certificate; and (ii) the Township with the covenants contained in the Loan Agreement and the Nonarbitrage Certificate, that each will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority or the Township to comply with its respective covenants could result in the interest on the Bonds being subject to federal income tax retroactive to the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations



acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Bonds are *not* "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

6. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We call your attention to the fact that the Bonds are direct, limited and special obligations of the Authority payable solely from the Revenues which include, among other things, the Loan Payments to be made by the Township under the Loan Agreement. The Bonds do not constitute a debt or obligation of the State or any political subdivision thereof (except the Authority, to the extent of the Pledged Property, and the Township, to the extent of the Loan Payments due under the Loan Agreement), and neither the credit nor the taxing power of the State or any political subdivision thereof (except the Authority, to the extent of the Pledged Property, and the Township, to the extent of the Loan Payments due under the Loan Agreement) is pledged for the payment of the principal of, redemption premium, if any, or interest on the Bonds. The Authority has no taxing power.

We note that the Authority has received an opinion of the Township Solicitor as to the legal, valid and binding nature of the Loan Agreement, with respect to the Township.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof that may affect the opinions expressed above.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the Authority and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

## **APPENDIX F**

### Form of Continuing Disclosure Agreement

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this 2nd day of February, 2017, by and between the Township of Waterford, County of Camden, New Jersey ("Township") and Phoenix Advisors, LLC ("Dissemination Agent"), in connection with the issuance by The Camden County Improvement Authority ("Authority") of its Township General Obligation Loan Revenue Bonds (Waterford Township Public Safety Building Project), Series 2017 ("2017 Bonds"). The 2017 Bonds are being issued pursuant to a bond resolution of the Authority, duly adopted on April 14, 2016 ("Bond Resolution"), as amended and supplemented by a Delegation Resolution adopted by the Authority on April 14, 2016 ("Delegation Resolution"), and a Certificate of Determination and Award ("Award Certificate") duly executed by the Interim Executive Director of the Authority on January 19, 2017 (as amended and supplemented, the "Resolution").

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the 2017 Bonds (collectively, "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the 2017 Bonds ("Rule").

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, capitalized terms shall have the following meanings:

**"Annual Report"** shall mean the Township's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

**"Commission"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

**"Continuing Disclosure Information"** shall mean, collectively, (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

**"EMMA"** shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable bonds, including the 2017 Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

**"Listed Events"** shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

**"MSRB"** shall mean the Municipal Securities Rulemaking Board.

**"National Repository"** shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

**"Opinion of Counsel"** shall mean a written opinion of counsel expert in federal securities law acceptable to the Township.

**"Rule"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

**"Trustee"** shall mean TD Bank, National Association.

### **SECTION 3. Provision of Annual Report.**

(a) The Township shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Township's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent, the Annual Report prepared for the preceding fiscal year of the Township (commencing for the fiscal year ending December 31, 2016). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Township, shall submit each Annual Report received by it to the National Repository and the Authority and thereafter shall file a written report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and the Authority and stating the date it was provided to the National Repository and the Authority.

(c) If the Township fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Township advising of such failure. Whether or not such notice is given or received, if the Township thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with copies of said notice to the Township, the Authority, and the Trustee) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

**SECTION 4. Contents of Annual Report.** Annual Report shall mean: (i) the general financial information and operating data of the Township consistent with the information set forth in Appendix "A" to the Official Statement of the Authority, dated January 19, 2017 prepared in connection with the public offering and sale of the 2017 Bonds ("Official Statement") under the headings "TEN LARGEST TAX PAYERS"; "CERTAIN TAX INFORMATION"; "STATEMENT OF INDEBTEDNESS"; "DEBT RATIOS AND VALUATIONS"; "SCHEDULE OF TOWNSHIP DEBT SERVICE"; "MUNICIPAL BUDGET"; AND "CAPITAL PROGRAM"; and (ii) the Township's annual financial statements, audited by an independent certified public

accountant, provided that the annual audited financial statements of the Township may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Township are included in the Annual Report. Each of the annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements and audited in accordance with generally accepted auditing standards as in effect from time to time in the United States of America, consistently applied.

**SECTION 5. Reporting of Significant Events.**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2017 Bonds or other material events affecting the tax status of the 2017 Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) 2017 Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the 2017 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Township, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by

leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township;

- (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

In determining the materiality of any of the Listed Events specified in subsections (a)(2), (7), (8), (10) and (14) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(b) The Township shall, in a timely manner not in excess of seven (7) Business Days after the occurrence of any Listed Event, notify the Dissemination Agent, in writing, to report the Listed Event pursuant to subsection (c) of this Section 5. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Township's obligation to provide, notification of the occurrence of any of the Listed Events.

(c) If the Dissemination Agent has been instructed by the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository, as specified by the Township in written instructions to the Dissemination Agent, within three (3) Business Days of the receipt of such instruction (but in no event later than ten (10) Business Days after the occurrence of a Listed Event), with a copy of such notice provided by the Dissemination Agent to the Township, the Authority, and the Trustee. In addition, notice of Listed Events described in subsections (a)(8) and (9) of this Section 5 shall be given by the Dissemination Agent under this subsection (c) simultaneously with the giving of the notice of the underlying event to holders of affected 2017 Bonds without any required notice from the Township.

**SECTION 6. Termination of Reporting Obligations.** The reporting obligations of the Township under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the 2017 Bonds or when the Township is no longer an Obligated Person (as defined in the Rule) with respect to the 2017 Bonds.

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provisions of this Disclosure Agreement, the Township may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel addressed to the Authority, the Township and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The

Township shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent (with a copy to the Authority) and the Dissemination Agent shall file such notice with the National Repository.

**SECTION 8. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Township chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 9. Default and Remedies.** In the event of a failure of the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding 2017 Bonds and after provision of satisfactory indemnification in accordance with the Resolution, shall), or any beneficial owner of the 2017 Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be an Event of Default under the Resolution or the Loan Agreement (as defined in the Resolution), and the sole remedy under this Disclosure Agreement in the event of any failure of the Township to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 10. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Township, the Dissemination Agent and the Bondholders, and each Bondholder is hereby declared to be a third party beneficiary of this Disclosure Agreement. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

**SECTION 11. Submission of Information to MSRB.** The Township and the Dissemination Agent agree that all Continuing Disclosure Information filed with the National Repository in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

**SECTION 12. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:



(i) If to the Township:

Township of Waterford  
2131 Auburn Avenue  
Atco, New Jersey 08004  
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
4 West Park Street  
Bordentown, New Jersey 08505  
Attention: Sherry L. Tracey, Senior Managing Director

(iii) If to the Authority:

The Camden County Improvement Authority  
Voorhees Town Center  
2220 Voorhees Town Center  
Voorhees, New Jersey 08043  
Attention: Executive Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 13 for the giving of notice.

**SECTION 13. Compensation and Indemnification.** The Township shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

**SECTION 14. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 15. Appointment, Removal and Resignation of the Dissemination Agent.**

(a) The Township may discharge the Dissemination Agent and satisfy its obligations under this Disclosure Agreement without the assistance of a Dissemination Agent, or the Township may discharge the Dissemination Agent and appoint a successor Dissemination Agent, in either case by giving not less than thirty (30) days' written notice to the Dissemination Agent (with a copy to the Authority).

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations under this Disclosure Agreement by giving not less than forty-five (45) days' written notice to the Township and the Authority. Such resignation shall

take effect on the date specified in such notice unless a replacement Dissemination Agent has not been appointed by the Township, in which event, the Dissemination Agent shall continue to serve in such capacity until a successor has been appointed.

**SECTION 16. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

**SECTION 17. Successors and Assigns.** All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Township or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 18. Headings for Convenience Only.** The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**SECTION 19. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the parties hereto have caused this Disclosure Agreement to be executed as of the date first written above.

**TOWNSHIP OF WATERFORD, NEW JERSEY**

By: \_\_\_\_\_  
**ADRIANE MCKENDRY,**  
**Chief Financial Officer**

**PHOENIX ADVISORS, LLC,**  
**as Dissemination Agent**

By: \_\_\_\_\_  
**SHERRY L. TRACEY,**  
**Senior Managing Director**

**EXHIBIT "A"**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: The Camden County Improvement Authority  
("Authority")

Name of Bond Issue Affected: The Camden County Improvement Authority  
\$3,750,000 Township General Obligation Loan  
Revenue Bonds (Waterford Township Public Safety  
Building Project), Series 2017

Date of Issuance of Affected Bond Issue: February 2, 2017

NOTICE IS HEREBY GIVEN that the Township of Waterford, County of Camden, New Jersey ("Township") has not provided an Annual Report with respect to the above-named Bond Issue as required by Section 3 of the Continuing Disclosure Agreement, dated February 2, 2017, between the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Township anticipates that such Annual Report will be filed by \_\_\_\_\_.]

Dated:

PHOENIX ADVISORS, LLC,  
as Dissemination Agent

cc: Township  
Authority  
Trustee

**APPENDIX G**

Specimen Municipal Bond Insurance Policy

# MUNICIPAL ASSURANCE CORP.

AN ASSURED GUARANTY COMPANY

## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

MUNICIPAL ASSURANCE CORP. ("MAC"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of MAC, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which MAC shall have received Notice of Nonpayment, MAC will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by MAC, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in MAC. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by MAC is incomplete, it shall be deemed not to have been received by MAC for purposes of the preceding sentence and MAC shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, MAC shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by MAC hereunder. Payment by MAC to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of MAC under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless MAC shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to MAC which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

MAC may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to MAC pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to MAC and shall not be deemed received until received by both and (b) all payments required to be made by MAC under this Policy may be made directly by MAC or by the Insurer's Fiscal Agent on behalf of MAC. The Insurer's Fiscal Agent is the agent of MAC only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of MAC to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, MAC agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to MAC to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of MAC, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, MUNICIPAL ASSURANCE CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

MUNICIPAL ASSURANCE CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Ltd.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100

Form 500NY (5/13) (MAC)