

# PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 6, 2018

NEW ISSUE - Book-Entry-Only

Rating: S&P: "AA-"  
(See "RATING" herein)

*In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority (as defined herein), assuming continuing compliance by the Authority, the County and the Technical School (each as defined herein) with certain tax covenants described herein, under existing law, interest on the Series 2019 Bonds (as defined herein) 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 previously amended, and as further amended pursuant to Public Law 115-97 (the "Tax Cuts and Jobs Act"), signed into law on December 22, 2017 (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 pursuant to Section 55 of the Code. The Tax Cuts and Jobs Act has repealed the alternative minimum tax for corporations. In addition, interest on the Series 2019 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 Series 2019 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. See "TAX MATTERS" herein.*

**\$21,725,000\***

## THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY (CUMBERLAND COUNTY, NEW JERSEY) COUNTY GENERAL OBLIGATION REVENUE BONDS (TECHNICAL HIGH SCHOOL PROJECT), SERIES 2019

**Dated: Date of Delivery**

**Due: January 15, as shown on the inside cover**

The \$21,725,000\* aggregate principal amount of County General Obligation Revenue Bonds (Technical High School Project), Series 2019 (the "Series 2019 Bonds") are being issued by The Cumberland County Improvement Authority (the "Authority"), a political subdivision and public body corporate and politic of the State of New Jersey (the "State"), pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"); (ii) a bond resolution of the Authority, duly adopted on October 24, 2018 (the "General Bond Resolution"); and (iii) an Award Certificate executed by the President/Chief Executive Officer of the Authority on December \_\_, 2018 (the "Award Certificate"), in accordance with the terms of a delegation resolution of the Authority adopted on October 24, 2018 (the "Delegation Resolution") and together with the General Bond Resolution and the Award Certificate, the "Bond Resolution").

The Series 2019 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 Series 2019 Bonds will be made in book-entry only form (without certificates) in denominations of \$5,000 or any integral multiple thereof. The Series 2019 Bonds will mature on the respective dates and in the respective amounts set forth on the inside front cover page hereof. Interest on the Series 2019 Bonds is payable semi-annually on January 15 and July 15 of each year, commencing July 15, 2019, until maturity or earlier redemption thereof at the respective rates set forth on the inside front cover page hereof. The principal or Redemption Price (as defined herein) of the Series 2019 Bonds will be payable upon presentation and surrender thereof at the principal corporate trust office of U.S. Bank National Association, Edison, New Jersey (the "Trustee", the "Paying Agent" and the "Registrar").

So long as Cede & Co. is the Registered Owner of the Series 2019 Bonds, payments of principal or Redemption Price (as defined herein) of and interest on the Series 2019 Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as defined herein) which will, in turn, remit such payments to the Beneficial Owners (as defined herein) of the Series 2019 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2019 Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Series 2019 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Series 2019 Bond. Interest on any Series 2019 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 the Series 2019 Bond is registered at the close of business on the 1st day of the calendar month containing such Interest Payment Date occurs (whether or not a business day).

The Series 2019 Bonds are subject to redemption prior to maturity as further described herein. See "DESCRIPTION OF THE SERIES 2019 BONDS" herein.

The Series 2019 Bonds are being issued by the Authority to make a loan to the County of Cumberland, New Jersey (the "County") for the benefit of The Cumberland County Board of Vocational Education (the "Technical School") to pay the costs of: (i) the development and construction of an approximately 55,000 square foot educational facility, including classrooms, offices and administrative space for the Technical School (the "Facility"); (ii) the acquisition of certain real property in the County on which the Facility will be constructed; (iii) the equipping of the Facility; (iv) all other costs and expenses necessary for or related to the development, construction and equipping of the Facility; and (v) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2019 Bonds (collectively, the "2019 Project").

The Authority, the County and the Technical School will enter into a Loan and Security Agreement, dated as of January 1, 2019 (the "Loan Agreement"), pursuant to which the Authority will lend the proceeds of the Series 2019 Bonds to the County for the benefit of the Technical School for the purpose of paying the Costs (as defined in the Loan Agreement) of the 2019 Project and the County will pay the Trustee, for the benefit of the Authority, an amount equal to the principal of, redemption premium, if any, and interest on the Series 2019 Bonds ("Loan Payments") as the same become due and payable on each Loan Payment Date (as defined in the Loan Agreement).

The Series 2019 Bonds are direct, limited and special obligations of the Authority payable solely from the Revenues (as defined in the Bond Resolution) and secured by a lien on the Pledged Property (as defined in the Bond Resolution) of the Authority. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - General" herein. The Revenues include, among other things, the Loan Payments received by the Authority from the County pursuant to the Loan Agreement. The County's Loan Payments will be made pursuant to and secured by one or more general obligation bonds of the County (collectively, the "County Bond") issued pursuant to the provisions of the Local Bond Law, constituting Chapter 169 of the Pamphlet Laws of 1960 of the State (codified at *N.J.S.A. 40A:2-1 et seq.*). The County Bond shall be a direct and general obligation of the County. In the opinion of County Bond Counsel, the County Bond is a valid and legally binding obligation of the County and, unless paid from other sources, is payable from *ad valorem* taxes levied upon all the taxable real property within the jurisdiction of the County, without limitation as to rate or amount. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Loan and General Obligation of the County; Opinion of County Bond Counsel" herein.

**THE SERIES 2019 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 AND THE COUNTY BOND, THE COUNTY) 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 AND THE COUNTY BOND, THE COUNTY), EITHER LEGAL, MORAL OR OTHERWISE. THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE SERIES 2019 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 COUNTY, AS APPLICABLE, UNDER AND LIMITED BY THE COUNTY BOND), IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2019 BONDS. THE AUTHORITY HAS NO TAXING POWER.**

**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 Series 2019 Bonds are offered when, as and if issued by the Authority and received by the Underwriter (as defined herein), subject to prior sale, withdrawal or modification of the offer without notice, and 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, Archer & Greiner, P.C., Haddonfield, New Jersey; for the County by Theodore E. Baker, Esq., Bridgeton, New Jersey, County Counsel and by McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, County Bond Counsel; and for the Underwriter by Saul Ewing Arnstein & Lehr LLP, Princeton, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Municipal Advisor to the Authority in connection with the issuance of the Series 2019 Bonds. It is expected that the Series 2019 Bonds will be available for delivery on or about January \_\_, 2019.

**ROOSEVELT & CROSS  
Incorporated**

Dated: December \_\_, 2018

\* Preliminary, subject to change.

**\$21,725,000\***  
**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**(CUMBERLAND COUNTY, NEW JERSEY)**  
**COUNTY GENERAL OBLIGATION REVENUE BONDS**  
**(TECHNICAL HIGH SCHOOL PROJECT),**  
**SERIES 2019**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<u>Maturity</u> <u>(January 15)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number**</u>
2020	\$600,000	%	%	
2021	600,000			
2022	600,000			
2023	600,000			
2024	600,000			
2025	600,000			
2026	600,000			
2027	620,000			
2028	655,000			
2029	695,000			
2030	730,000			
2031	775,000			
2032	815,000			
2033	865,000			
2034	910,000			
2035	975,000			
2036	1,015,000			
2037	1,070,000			
2038	1,200,000			
2039	1,200,000			

\$6,000,000\* \_\_\_\_% Term Bond due January 15, 2044\*, Priced to Yield \_\_\_\_% CUSIP Number\*\*

---

\* Preliminary, subject to change.

\*\* Registered trademark of American Bankers Association. CUSIP data herein is provided by an independent company not affiliated with the Authority. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2019 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 Series 2019 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 Series 2019 Bonds.

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**2 N. High Street**  
**Millville, New Jersey 08332**

**AUTHORITY MEMBERS**

<b><u>Name</u></b>	<b><u>Position</u></b>
--------------------	------------------------

Dale K. Jones.....	Chairman
George M. Olivio .....	Vice Chairman
Albert B. Kelly.....	Secretary
Andre Lopez .....	Treasurer
Robert P. Nedohon, Jr.....	Assistant Treasurer

**PRESIDENT/CEO**

Gerard Velazquez, III

**GENERAL COUNSEL**

Archer & Greiner, P.C.  
Haddonfield, New Jersey

**AUDITOR**

Romano, Hearing, Testa & Knorr  
Vineland, New Jersey

**BOND COUNSEL**

Parker McCay P.A.  
Mount Laurel, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC  
Bordentown, New Jersey

**TRUSTEE, REGISTRAR AND PAYING AGENT**

U.S. Bank National Association  
Edison, New Jersey

**COUNTY OF CUMBERLAND, NEW JERSEY**  
**164 West Broad Street**  
**Bridgeton, New Jersey 08302**

**BOARD OF CHOSEN FREEHOLDERS**

Joseph Derella .....	Freeholder Director
Darlene Barber .....	Deputy Freeholder Director
Carol Musso .....	Freeholder
Joseph Sparacio .....	Freeholder
George Castellini .....	Freeholder
Jack Surrency .....	Freeholder
James Quinn .....	Freeholder

**COUNTY OFFICIALS**

Ken Mecouch  
County Administrator/Clerk of the Board of Chosen Freeholders

Gerry Seneski,  
County Chief Financial Officer/Treasurer

Theodore E. Baker, Esq.  
County Counsel

**COUNTY AUDITOR**

Bowman & Company LLP  
Voorhees, New Jersey

**COUNTY BOND COUNSEL**

McManimon, Scotland & Baumann, LLC,  
Roseland, New Jersey



## TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION .....	1
AUTHORIZATION FOR THE SERIES 2019 BONDS .....	2
General .....	2
Review by Local Finance Board .....	2
Action by County to Authorize County Bond .....	2
PLAN OF FINANCE .....	3
DESCRIPTION OF THE SERIES 2019 BONDS .....	4
General .....	4
Optional Redemption .....	5
[Mandatory Sinking Fund Redemption] .....	5
Notice of Redemption .....	5
Book-Entry Only System .....	6
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS .....	8
General .....	8
Bond Resolution to Constitute Contract .....	10
Loan Agreement .....	10
Loan and General Obligation of the County; Opinion of County Bond Counsel .....	10
Refunding Bonds .....	10
MARKET PROTECTION .....	11
BOND INSURANCE .....	11
ESTIMATED SOURCES AND USES OF FUNDS .....	11
DEBT SERVICE REQUIREMENTS OF THE SERIES 2019 BONDS .....	12
SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT OF NEW JERSEY COUNTIES .....	12
General .....	12
Local Bond Law ( <i>N.J.S.A. 40A:2-1 et seq.</i> ) .....	13
Debt Limitation ( <i>N.J.S.A. 40A:2-6</i> ) .....	13
Exceptions to Debt Limit - Extensions of Credit ( <i>N.J.S.A. 40A:2-7</i> ) .....	13
CERTAIN PROVISIONS OF THE LAWS OF NEW JERSEY RELATING TO COUNTY FINANCIAL OPERATIONS .....	13
Annual Audit ( <i>N.J.S.A. 40A:5-4</i> ) .....	13
Annual Financial Statement ( <i>N.J.S.A. 40A:5-12</i> ) .....	14
Local Budget Law ( <i>N.J.S.A. 40A:4-1 et seq.</i> ) .....	14
Revenue .....	14
Cap Law ( <i>N.J.S.A. 40A:4-45.4</i> ) .....	14
Miscellaneous Revenues ( <i>N.J.S.A. 40A:4-26</i> ) .....	15
Real Estate Taxes .....	15
Deferral of Current Expenses .....	16
Budget Transfers ( <i>N.J.S.A. 40A:4-58</i> ) .....	16
Capital Budget ( <i>N.J.S.A. 40A:4-43 through 40A:4-45</i> ) .....	16
THE AUTHORITY .....	16
Creation and Powers .....	16
Management .....	17
Outstanding Authority Bonds .....	17
THE TECHNICAL SCHOOL .....	19
LITIGATION .....	19
Authority .....	19

	<b><u>PAGE</u></b>
County.....	19
Technical School.....	20
TAX MATTERS.....	20
Federal Tax Matters .....	20
Tax Accounting Treatment of Discount Bonds .....	21
Tax Accounting Treatment of Premium Bonds .....	22
New Jersey Tax Matters.....	22
Changes in Federal and State Tax Law .....	22
PLEDGE OF THE STATE NOT TO LIMIT POWERS OF AUTHORITY	
OR RIGHTS OF BONDHOLDERS .....	23
NEGOTIABILITY OF THE SERIES 2019 BONDS .....	23
THE SERIES 2019 BONDS NOT A DEBT OF THE STATE .....	23
CONTINUING DISCLOSURE.....	23
MUNICIPAL BANKRUPTCY .....	24
APPROVAL OF LEGAL PROCEEDINGS .....	25
LEGALITY FOR INVESTMENT.....	25
RATING .....	25
INDEPENDENT AUDITOR.....	26
UNDERWRITING .....	26
MUNICIPAL ADVISOR.....	26
APPENDICES .....	27
MISCELLANEOUS .....	27
APPENDIX A – Certain Information Concerning the County	
APPENDIX B – Excerpt of Report of Audit of Financial Statements of the County	
APPENDIX C – Forms of Bond Resolution and Loan Agreement	
APPENDIX D – Form of Opinion of Bond Counsel	
APPENDIX E – Form of Continuing Disclosure Agreement	

The information which is set forth herein has been provided by The Cumberland County Improvement Authority (the "Authority"), the County of Cumberland, New Jersey (the "County"), The Cumberland County Board of Vocational Education (the "Technical School"), The Depository Trust Company, New York, New York ("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 County is contained in APPENDICES "A" and "B" to this Official Statement. Such information has been furnished by the County. The Authority has not confirmed the accuracy or completeness of information relating to the County and the Authority disclaims any responsibility for the accuracy or completeness thereof.

Roosevelt & Cross, Incorporated, as underwriter ("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 Series 2019 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 Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2019 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 Series 2019 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, the County or the Technical School since the date hereof.

**The Bond Resolution has not been qualified under the Trust Indenture Act of 1939, as amended and upon issuance, the Series 2019 Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon exemptions in such laws. The Series 2019 Bonds 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.**

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.

This Official Statement is not to be construed as a contract or agreement between the Authority, the County, the Technical School, the Underwriter and the purchasers or the holders of any of the Series 2019 Bonds.

**IN CONNECTION WITH THE OFFERING OF THE SERIES 2019 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY UPON THEIR OWN EXAMINATION OF THE AUTHORITY, THE COUNTY, THE TECHNICAL SCHOOL AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2019 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**

**OFFICIAL STATEMENT  
Relating to**

**\$21,725,000\***

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
(CUMBERLAND COUNTY, NEW JERSEY)  
COUNTY GENERAL OBLIGATION REVENUE BONDS  
(TECHNICAL HIGH SCHOOL PROJECT),  
SERIES 2019**

**INTRODUCTION**

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished by The Cumberland County Improvement Authority (the "Authority"), a political subdivision and a public body corporate and politic of the State of New Jersey (the "State"), to provide certain information relating to: (i) the Authority; (ii) the 2019 Project (as defined herein); (iii) The Cumberland County Board of Vocational Education (the "Technical School"); (iv) the County of Cumberland, New Jersey (the "County"); and (v) the \$21,725,000\* aggregate principal amount of County General Obligation Revenue Bonds (Technical High School Project), Series 2019 (the "Series 2019 Bonds") to be issued by the Authority.

U.S. Bank National Association, Edison, New Jersey has been appointed by the Authority, pursuant to the Bond Resolution (as hereinafter defined), to serve as trustee, paying agent and registrar (the "Trustee," "Paying Agent" and "Registrar") for the Series 2019 Bonds.

The Series 2019 Bonds are direct, limited and special obligations of the Authority payable solely from and secured by its interest in the Pledged Property (as defined herein), which includes, *inter alia*: (i) Revenues (as defined herein) which includes, *inter alia*, the Loan Payments (as defined herein) received by the Trustee for the benefit of the Authority from the County pursuant to the terms and conditions set forth in the Loan Agreement (as defined herein) which are secured by the County Bond; (ii) the Funds and Accounts established under the Bond Resolution (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 Series 2019 Bonds in accordance with the terms and provisions of the Bond Resolution. The County will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable property within the jurisdiction of the County without limitation as to rate or amount when required under the provisions of applicable law and the County Bond for the payment, when due, of the Loan Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS — Loan Agreement" herein.

Copies of the Bond Resolution, the Loan Agreement and the County Bond are on file at the offices of the Authority in Millville, New Jersey and at the principal corporate trust office of the Trustee in Edison, 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 Series 2019 Bonds, the custody and application of the proceeds of the Series 2019 Bonds, the rights and remedies of the Holders of the Series 2019 Bonds, and the rights, duties and obligations of the Authority, the County, the Technical School and the Trustee.

---

\* Preliminary, subject to change.

There follows in this Official Statement brief descriptions of the Series 2019 Bonds, the Bond Resolution, the Loan Agreement, the County Bond, the Authority, the Technical School and the 2019 Project. A brief description of the County and an excerpt of the Report of Audit of Financial Statements of the County 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 Technical School, the 2019 Project and the County, and the Authority disclaims any responsibility for the accuracy or completeness thereof.

Capitalized words and terms which are used herein which are not ordinarily capitalized and which are not otherwise defined herein or in "APPENDIX C" hereto shall have the meanings which are assigned to such words and terms in the Bond Resolution or the Loan Agreement, as the case may be. The summaries of and references to all documents, statutes, reports and other instruments which are referred to herein and in "APPENDIX C" hereto 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 SERIES 2019 BONDS**

### **General**

The Series 2019 Bonds are issued pursuant to: (i) 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 (the "Act"); (ii) a bond resolution of the Authority duly adopted on October 24, 2018 (the "General Bond Resolution"); and (iii) an Award Certificate executed by the President/Chief Executive Officer of the Authority on December \_\_, 2018 (the "Award Certificate"), in accordance with the terms of a delegation resolution of the Authority adopted on October 24, 2018 (the "Delegation Resolution" and together with the General Bond Resolution and the Award Certificate, the "Bond Resolution").

### **Review by Local Finance Board**

Pursuant to the Local Authorities Fiscal Control Law (*N.J.S.A. 40A:5A-1 et seq.*), the Authority made application to the New Jersey Local Finance Board of the Division of Local Government Services within the State Department of Community Affairs (the "Local Finance Board") to review the Authority's proposed issuance of the Series 2019 Bonds. The application was reviewed by the Local Finance Board at a meeting held on July 11, 2018. On said date, the Local Finance Board passed a resolution which stated, *inter alia*, that the method proposed for the funding of the costs of the 2019 Project and the terms of the financing, including the issuance by the County of the County Bond to secure its Loan Payment obligations pursuant to the Loan Agreement, were not unreasonable or impracticable and would not impose an unnecessary financial burden on the inhabitants within the Authority's jurisdiction.

### **Action by County to Authorize County Bond**

On October 23, 2018, the Board of Chosen Freeholders of the County finally adopted a bond ordinance authorizing the issuance of one or more general obligation bonds of the County (collectively, the "County Bond") to secure its Loan Payment obligations pursuant to the terms of the Loan Agreement (the "County Bond Ordinance"). In addition, on November 20, 2018, the Board of Chosen Freeholders of the County adopted a resolution authorizing the execution and delivery of the Loan Agreement. Finally, on November 27, 2018, the Board of Chosen Freeholders of the County adopted a resolution authorizing among other things, the sale and delivery of the County Bond to the Authority to evidence and secure the Loan Payments (as hereinafter defined).

## PLAN OF FINANCE

The Series 2019 Bonds are being issued by the Authority to make a loan to the County for the benefit of the Technical School to pay the costs of: (i) the development and construction of an approximately 55,000 square foot educational facility, including classrooms, offices and administrative space for the Technical School (the "Facility"); (ii) the acquisition of certain real property in the County on which the Facility will be constructed; (iii) the equipping of the Facility; (iv) all other costs and expenses necessary for or related to the development, construction and equipping of the Facility; and (v) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2019 Bonds (collectively, the "2019 Project"). Construction on the 2019 Project began in August, 2018 and is expected to be completed by July, 2020. The Facility will be constructed on the campus of Cumberland County College and will be located within walking distance of the County Workforce and Economic Development Facility.

The Facility represents an expansion of the Technical School's existing Technology Execution Center, an approximately 200,000 square foot facility which opened in 2016. Construction of the existing Technology Education Center was funded from proceeds of the Authority's Series 2014 Technical School Bonds (defined herein).

Pursuant to the Educational Facilities Construction and Financing Act (*N.J.S.A. 18A:7G-1 et seq.*), the State has agreed to pay approximately 71.52% of the debt service on the County Bond (including both principal and interest) issued to finance the costs of the 2019 Project. Debt service payments made by the State on the County Bond are subject to annual appropriation by the State and, if received, are *not* pledged as security for the Series 2019 Bonds.

The Authority, the County and the Technical School will enter into a Loan and Security Agreement, dated as of January 1, 2019 (the "Loan Agreement"), pursuant to which the Authority will lend to the County, for the benefit of the Technical School, the proceeds of the Series 2019 Bonds for the purpose of paying Costs (as defined in the Loan Agreement) of the 2019 Project. The County will make Loan Payments to the Trustee, for the benefit of the Authority, on each Loan Payment Date (as defined in the Loan Agreement) in an amount equal to the principal of, redemption premium, if any, and interest on the Series 2019 Bonds and, as applicable, any Additional Loan Payments (as defined in the Loan Agreement) as and when the same become due and payable upon demand pursuant to the terms of the Loan Agreement (collectively, the "Loan Payments"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS — Loan Agreement" herein.

The Loan Payments to be made by the County pursuant to the Loan Agreement will be made pursuant to and secured by the County Bond. The County Bond is authorized and issued pursuant to the County Bond Ordinance adopted pursuant to and in accordance with the provisions of the Local Bond Law (the "Local Bond Law"), constituting Chapter 169 of the Pamphlet Laws of 1960 of the State (codified at *N.J.S.A. 40A:2-1 et seq.*). The County Bond will be assigned by the Authority to the Trustee for the benefit of the Holders of the Series 2019 Bonds. The obligation of the County under the County Bond is a direct and general obligation, payable, unless paid from some other source, from the levy of *ad valorem* taxes upon all taxable real property within the jurisdiction of the County, without limitation as to rate or amount. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS — Loan and General Obligation of the County; Opinion of County Bond Counsel" herein.

THE SERIES 2019 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 AND THE COUNTY BOND, THE

COUNTY) 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 AND THE COUNTY BOND, THE COUNTY), EITHER LEGAL, MORAL OR OTHERWISE. THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE SERIES 2019 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 COUNTY, AS APPLICABLE, UNDER AND LIMITED BY THE COUNTY BOND), IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2019 BONDS. THE AUTHORITY HAS NO TAXING POWER.

## **DESCRIPTION OF THE SERIES 2019 BONDS**

### **General**

The Series 2019 Bonds are issuable as fully registered bonds. The Series 2019 Bonds will mature on the respective 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 only form. Individual purchases of the Series 2019 Bonds will be made in book-entry only form (without certificates) in denominations of \$5,000 or any integral multiple thereof. So long as The Depository Trust Company, New York, New York (the "DTC") or its nominee, Cede & Co., is the Registered Owner of the Series 2019 Bonds, payments of the principal or Redemption Price of, and interest on, the Series 2019 Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the "Direct Participants") is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2019 Bonds is the responsibility of the Direct Participants and not the Authority or the Trustee. See "DESCRIPTION OF THE SERIES 2019 BONDS – Book-Entry Only System" below. In the event that the Series 2019 Bonds are no longer subject to the DTC Book-Entry Only System, the principal or Redemption Price of the Series 2019 Bonds will be payable upon surrender of the respective Series 2019 Bonds at the principal corporate trust office of the Trustee, or at any other place that may be provided for such payment by the appointment of any other paying agent or paying agents as permitted by the Bond Resolution.

Interest on the Series 2019 Bonds, calculated on the basis of a 360-day year of twelve 30 day months, is payable on January 15 and July 15 (each, an "Interest Payment Date") of each year commencing on July 15, 2019, by check or draft or, for owners of \$1,000,000 or more in aggregate principal amount of Series 2019 Bonds which have submitted to the Trustee three (3) Business Days' written request therefor, wire transfer by the Trustee to the Registered Owners of such Series 2019 Bonds. Interest on any Series 2019 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 the Series 2019 Bond is registered at the close of business on the first (1st) day of the calendar month containing any Interest Payment Date (whether or not a business day) (the "Record Date"). Principal or Redemption Price of the Series 2019 Bonds will be paid, when due, upon presentation and surrender of the Series 2019 Bonds at the principal corporate trust office of the Trustee.

Any interest on any Series 2019 Bond which is payable, but is not punctually paid or provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the person who is the Registered Owner on the relevant Record Date, and such Defaulted Interest shall be paid to the Registered Owner in whose name the Series 2019 Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) days nor less than ten (10) days (whether or not a Business Day) prior to the date of proposed payment.



## **Optional Redemption**

The Series 2019 Bonds maturing on or after January 15, 20\_\_ shall be subject to redemption prior to their respective stated maturity dates at the option of the Authority, to be exercised upon receipt of written notice to the Trustee and the Authority of prepayment from the County in accordance with the terms of the Loan Agreement, upon notice as set forth below, on or after January 15, 20\_\_ as a whole or in part on any date and, if in part, in such order of maturity as the County may direct and, within a maturity, by lot (or other customary method of selection determined by the Trustee) at a Redemption Price equal to 100% of the principal amount of Series 2019 Bonds to be redeemed, plus accrued interest to the Redemption Date.

## **[Mandatory Sinking Fund Redemption]**

[The Series 2019 Bonds maturing on January 15, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity at a Redemption Price equal to 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:]

## **Notice of Redemption**

The Trustee shall cause a notice to be deposited in the United States first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, addressed to the Registered Owners of the particular Series 2019 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 Series 2019 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 2019 Bonds of any maturity are to be redeemed, the letters and numbers or other distinguishing marks or such Series 2019 Bonds so to be redeemed and, in the case of the Series 2019 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 the redemption date there shall become due and payable upon the Series 2019 Bonds to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of Series 2019 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. Failure to give notice by mail, or any defect in the notice to the Registered Owner of any Series 2019 Bonds which are to be redeemed, shall not affect the validity of the proceedings for the redemption of any other Series 2019 Bonds.

So long as the Series 2019 Bonds are in book-entry-only form, the Trustee shall mail such notice solely to DTC and the Trustee will not send redemption notices to Beneficial Owners of the Series 2019 Bonds unless a Beneficial Owner independently requests the Trustee to provide such notice and provides evidence of its interest in the Series 2019 Bonds.

Any notice of redemption of the Series 2019 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 Series 2019 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.

If, on the redemption date, moneys for the redemption of all the Series 2019 Bonds or portions thereof 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.

### **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 believes to be reliable. However, the Authority takes no responsibility for the accuracy thereof. The Beneficial Owners should confirm the information with DTC or the Direct Participants, as the case may be.**

DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 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 Series 2019 Bonds, in the aggregate principal amount of such maturity of the Series 2019 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 (the "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 only 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 (the "Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". 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).

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond (the "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 Series 2019 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 Series 2019 Bonds, except in the event that use of the book-entry only system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 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 Series 2019 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 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 Series 2019 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 Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or 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 Series 2019 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 Series 2019 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 Authority (or the Trustee, to the extent provided with funds to make such payment by the Authority or the County), 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 Series 2019 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, Series 2019 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed and delivered.

So long as Cede & Co. is the registered owner of the Series 2019 Bonds, as nominee of DTC, references herein to the Bondholders or Registered Owners of the Series 2019 Bonds (excluding all references thereto under the heading "TAX MATTERS" herein) means Cede & Co., not the Beneficial Owners of the Series 2019 Bonds.

**THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.**

**THE AUTHORITY, THE COUNTY, THE TECHNICAL SCHOOL, THE TRUSTEE 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 SERIES 2019 BONDS (1) PAYMENTS OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS, OR (2) CONFIRMATION OF OWNERSHIP INTERESTS IN THE SERIES 2019 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 SECURITIES EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.**

**NONE OF THE AUTHORITY, THE COUNTY, THE TECHNICAL SCHOOL, THE TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (A) SENDING TRANSACTION STATEMENTS; (B) MAINTAINING, SUPERVISING OR REVIEWING THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (C) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR OTHER NOMINEE OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PRICE OR INTEREST ON SERIES 2019 BONDS; (D) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR OTHER NOMINEE OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS OR OWNERS OF SERIES 2019 BONDS; (E) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2019 BONDS; OR (F) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE SERIES 2019 BONDS.**

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS**

### **General**

The Series 2019 Bonds constitute direct, limited and special obligations of the Authority payable solely from and secured by its interest in the Pledged Property (as described below), 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 Series 2019 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 Series 2019 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 County to the extent of its Loan Payments which are secured by the County Bond). See " — Loan and General Obligation of the County; Opinion of County Bond Counsel" below.

The term "Pledged Property" is defined in the Bond Resolution as: (i) the Revenues; (ii) the Funds and Accounts established under the Bond Resolution (other than the Rebate Fund), including Investment Securities held in any such Funds and Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Series 2019 Bonds in accordance with the terms and provisions of the Bond Resolution.

The term "Revenues" is defined in the Bond Resolution as: (i) all amounts, including Loan Payments, received by the Authority from the County under the Loan Agreement and secured by the County Bond; (ii) any moneys or securities held pursuant to the Bond Resolution and paid or required to be paid into the Debt Service Fund; (iii) payments made by the County pursuant to the County Bond (which shall secure the Series 2019 Bonds and any Series of Refunding Bonds for which the County shall adopt a County Bond Ordinance) and pursuant to Sections 508 (pertaining to the Debt Service Fund) and 708 (pertaining to Loan Payments and Payment under the County Bond) 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 Loan Payments to be made by the County pursuant to the Loan Agreement shall be in an amount equal to the amount of the principal or Redemption Price of, and interest on, the Series 2019 Bonds due on each Loan Payment Date. In addition, the County agrees to make Additional Loan Payments (including, but not limited to, administrative expenses of the Authority with respect to the Series 2019 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. The County's obligation to make Loan Payments is secured by the County Bond, pursuant to which the County shall be obligated to levy *ad valorem* taxes on all taxable property within the jurisdiction of the County without limitation as to rate or amount to make the Loan Payments in the event sufficient funds to make the Loan Payments are not otherwise available. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Loan Agreement" and "– Loan and General Obligation of the County; Opinion of County Bond Counsel" herein.

The aggregate principal amount of Bonds that may be executed, authenticated and delivered under the Bond Resolution is limited to the Series 2019 Bonds and any Refunding Bonds. See "APPENDIX C" for the requirements that must be met prior to the issuance of Refunding Bonds, including, without limitation, the receipt by the Trustee of the written consent of the County.

No recourse shall be had for the payment of the principal of or interest on the Series 2019 Bonds or for any claim based thereon or on the Bond Resolution against any member or officer of the Authority or any Person executing the Bonds. Neither the members of the Authority nor any person executing the Series 2019 Bonds shall be liable personally on the Series 2019 Bonds by reason of the issuance thereof.

## **Bond Resolution to Constitute Contract**

In consideration of the purchase and acceptance of the Series 2019 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 and the Holders from time to time of the Series 2019 Bonds, and the security interest granted and the pledge and assignment made in the Bond Resolution and the covenants and agreements therein 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 Series 2019 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 Series 2019 Bonds over any other thereof, all except as expressly provided in or permitted by the Bond Resolution.

## **Loan Agreement**

With respect to the Series 2019 Bonds, pursuant to the terms of the Loan Agreement, the County 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 Series 2019 Bonds on the immediately succeeding Interest Payment Date and/or Principal Installment 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 ten (10) days prior to each Interest Payment Date and/or Principal Installment Date, as applicable. In addition, the County 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.

## **Loan and General Obligation of the County; Opinion of County Bond Counsel**

The obligation of the County to make Loan Payments provided for in the Loan Agreement and to perform its obligations under the Loan Agreement is a direct and general obligation of the County payable from its general revenues, and such obligation is secured by the County Bond. In the opinion of County Bond Counsel, the County has irrevocably pledged its full faith and credit and covenanted to exercise its *ad valorem* taxing powers, without limitation as to rate or amount, for the punctual payment of the principal and redemption premium, if any, of and interest on the County Bond, which County Bond secures the County's Loan Payments and all other amounts due under the Loan Agreement according to the terms thereof.

Reference is made to Appendices "A" and "B" hereto for certain information regarding the County.

## **Refunding Bonds**

Pursuant to the Bond Resolution, the Authority may issue one or more Series of Refunding Bonds to refund all or any portion (as determined by the Authority) of any Outstanding Bonds (including all or any portion of the Series 2019 Bonds). Any issuance of Refunding Bonds is subject to the approval of the Authority, and the approval and consent of the County, and the satisfaction of certain conditions precedent to the issuance of Refunding Bonds specified in the Bond Resolution. See "APPENDIX C — Forms of Bond Resolution and Loan Agreement." Each Series of Refunding Bonds is entitled to the benefit and security of the Bond Resolution on a parity with the Series 2019 Bonds and all other Series of Refunding Bonds issued within the limitations and provisions of the Bond Resolution.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## MARKET PROTECTION

Prior to the conclusion of calendar year 2018, the Authority anticipates issuing a series of County Guaranteed Lease Revenue Bonds (County Correctional Facility Project), Series 2018 ("Prison Bonds"), in an aggregate principal amount of \$64,990,000. On November 28, 2018, the Authority entered into a Bond Purchase Contract with the representative of the underwriters of the Prison Bonds ("Prison Bonds Purchase Contract"). Closing on the Prison Bonds is scheduled to occur on December 13, 2018, subject to the satisfaction of all conditions set forth in such Prison Bonds Purchase Contract. The Prison Bonds, if issued, will be secured by lease payments to the Authority from the County. The Prison Bonds, if issued, will be additionally secured by a guaranty of the County, pursuant to which the County will be obligated to levy *ad valorem* taxes on all taxable property within the jurisdiction of the County in an amount sufficient to provide for payment under the County Guaranty as is needed to pay, when due, the principal of and interest on the Prison Bonds. In addition, the County has issued a Bond Anticipation Note in the principal amount of \$6,365,000 on December 5, 2018.

## BOND INSURANCE

The Series 2019 Bonds or certain maturities thereof may or may not be issued with bond insurance, and the decision whether to use bond insurance on all or a portion of the Series 2019 Bonds will be subject to market conditions at the time of pricing of the Series 2019 Bonds.

## 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 Series 2019 Bonds:

### Sources of Funds:

Principal Amount of Series 2019 Bonds .....
[Net] Original Issue [Premium/Discount] .....
TOTAL SOURCES OF FUNDS .....

### Uses of Funds:

Deposit to Acquisition Fund .....
Underwriter's Discount.....
Costs of Issuance* .....
TOTAL USES OF FUNDS .....

---

\* Consists of legal, municipal advisory, printing, rating agency, accounting, Trustee, Paying Agent, Registrar, and Authority fees and other fees and expenses allocable to the Series 2019 Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## DEBT SERVICE REQUIREMENTS OF THE SERIES 2019 BONDS

Year Ending (December 31)	Series 2019 Bonds Principal	Series 2019 Bonds Interest	Total Debt Service <sup>*†</sup>
2019	\$	\$	\$
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
Total:	\$	\$	\$

<sup>\*</sup> Includes the Series 2019 Bonds only; the County and the Authority have other outstanding indebtedness. See "THE AUTHORITY – Outstanding Authority Bonds" herein and APPENDICES "A" and "B" for additional debt and other financial information related to the County and the Authority.

<sup>†</sup> Total Debt Service does not reflect payments to be made by the State pursuant to the Educational Facilities Construction and Financing Act of approximately 71.52% of the debt service (including both principal and interest) on the Series 2019 Bonds. See "PLAN OF FINANCE" herein for additional information on State debt service payments on the Series 2019 Bonds.

## SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT OF NEW JERSEY COUNTIES

### General

The following is a summary of certain provisions of New Jersey law relating to the protection of general obligation debt of New Jersey counties. In the opinion of County Bond Counsel, the County Bond (which is pledged to the Holders of the Series 2019 Bonds) constitutes a general obligation of the County.



This summary does not purport to be a full and complete statement of all of the provisions referred to herein, and the cited statutes should be read in full for a complete understanding of all of said provisions.

#### **Local Bond Law (*N.J.S.A. 40A:2-1 et seq.*)**

The Local Bond Law generally governs the issuance of bonds and notes by local units to finance certain capital improvements and appropriations. The Local Bond Law requires that bonds must mature within the statutory period of usefulness of the projects for which bonds have been issued and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of capital expenditures, although such requirement does not apply to bonds issued to finance capital projects for vocational school districts, such as the 2019 Project. The County Bond issued by the County is a general ("full faith and credit") obligation.

#### **Debt Limitation (*N.J.S.A. 40A:2-6*)**

The authorized bond indebtedness of the County is limited by statute, subject to the exceptions as noted below, to an amount equal to two percent of its equalized valuation basis. The equalized valuation basis of the County is set by statute as the average for the last three years of the sum total of the equalized value of all taxable real property and improvements and the assessed valuation of certain Class II railroad property within its boundaries as annually determined by the County Board of Taxation. The County is within its two percent debt limit. See "APPENDIX A" hereto.

#### **Exceptions to Debt Limit - Extensions of Credit (*N.J.S.A. 40A:2-7*)**

The debt limit of the County may be exceeded with the approval of the Local Finance Board, a State regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, the County must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of the County to meet its obligations or to provide essential services or make other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Local Finance Board to fund certain notes and for self-liquidating purposes and in each fiscal year in an amount not exceeding two-thirds of the amounts budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for assessments and utility purposes).

### **CERTAIN PROVISIONS OF THE LAWS OF NEW JERSEY RELATING TO COUNTY FINANCIAL OPERATIONS**

#### **Annual Audit (*N.J.S.A. 40A:5-4*)**

Since 1917, every county of the State must be audited annually by a Registered Municipal Accountant of the State. The annual audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the county and the Director of the Division of Local Government Services in the State Department of Community Affairs (the "Director") prior to June 1 of each year unless extensions are granted.

The State Board of Accountancy regulates the Registered Municipal Accountant who must obtain a triennial license.

### **Annual Financial Statement (*N.J.S.A. 40A:5-12*)**

An Annual Financial Statement for the fiscal year must be filed with the Director on or before January 26 of the succeeding year. The Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the County.

### **Local Budget Law (*N.J.S.A. 40A:4-1 et seq.*)**

In 1939, the State enacted a law requiring every county to adopt the annual budget on a "cash basis." Every budget, after approval by the local unit, must be certified by the Director before final adoption.

The statute requires each county to appropriate funds for annual debt service, and the Director is required to review the adequacy of these appropriations.

The Director is also required to review each budget to be certain that no revenues are anticipated in excess of the cash realized in the prior year. Any deviation must be approved by the Director. A Reserve For Uncollected Taxes (as defined herein) must be included in the budget predicated upon the close of the fiscal year December 31.

### **Revenue**

The County derives its revenue from State and Federal Aid, departmental fees and a tax levy on real property. The primary source of revenue is the County taxes, which are apportioned among the constituent municipalities in proportion to their share of equalized, assessed valuation.

The municipalities in the County make quarterly payments to the County of the County taxes on February 15, May 15, August 15 and November 15 of each year.

### **Cap Law (*N.J.S.A. 40A:4-45.4*)**

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law," imposed limitations on increases in local unit appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c.89, which revised and made permanent the "Cap Law." Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the local unit to levy *ad valorem* taxes upon all taxable real property within the jurisdiction of the local unit to pay debt service on bonds and notes. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c.44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (*N.J.S.A. 52:14-17.25 et seq.*), as annually determined by the Division of Pensions and Benefits in the State Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A. 40A:4-45-46*) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the County to levy *ad valorem* taxes upon all taxable real property within the jurisdiction of the County to pay debt service on its bonds or notes, including the County Bond.

#### **Miscellaneous Revenues (*N.J.S.A. 40A:4-26*)**

The Local Budget Law provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof with the exception of inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation.

#### **Real Estate Taxes**

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. *N.J.S.A. 40A:4-29* delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law provides with regard to the current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by December 31, of such preceding fiscal year."

Section 40 of the Local Budget Law requires that an additional amount (the "Reserve For Uncollected Taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will be at least equal to the tax levy required to balance the budget.

### **Deferral of Current Expenses**

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the Board of Chosen Freeholders of the County.

Such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the previous year's adopted operating budget, consent of the Director must be obtained.

### **Budget Transfers (*N.J.S.A. 40A:4-58*)**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although sub-accounts within an appropriation are not subject to the same year-end transfer restrictions, they are subject to internal review and approval.

### **Capital Budget (*N.J.S.A. 40A:4-43 through 40A:4-45*)**

The Local Finance Board has required every local unit, including counties, to prepare and to adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget shall also adopt a capital program not to exceed six years in length.

## **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 Board of Chosen Freeholders of the County adopted on December 30, 1980, 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 and to maintain reserves and sinking funds therefor, as may be required by the terms of any contracts with Bondholders; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority was established as an instrumentality of the State 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, recreational/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 currently is the implementing agency for the County's Solid Waste Management Plan and develops and administers solid waste and recycling facilities and programs in the County, including a 75-acre landfill and a pretreatment facility.

The Authority's mailing address is 2 North High Street, Millville, New Jersey 08332.

## Management

The governing body of the Authority consists of five members appointed by the Board of Chosen Freeholders of the County. The Authority's staff is supervised by the Authority's President/Chief Executive Officer. Gerard Velazquez, III has served as President/Chief Executive Officer of the Authority since April 1, 2013. The present members of the governing body of the Authority, their offices and the expiration dates of their terms as members are as follows:

<u>Name</u>	<u>Office</u>	<u>Expiration of Term</u>
Dale K. Jones	Chairman	February 2022
George M. Olivio	Vice Chairman	February 2023
Albert B. Kelly	Secretary	February 2020
Andre Lopez	Treasurer	February 2021
Robert P. Nedohon, Jr.	Assistant Treasurer	February 2019

## Outstanding Authority Bonds

In August 2006, the Authority issued its Solid Waste System Revenue Bonds (Series 2006), in the initial aggregate principal amount of \$24,485,000 (the "Series 2006 Bonds"), to finance improvements to the Authority's solid waste complex and disposal system, along with other improvements. A portion of the Series 2006 Bonds were advance refunded by the Authority's \$14,595,000 County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A (the "Series 2015A Bonds"). No Series 2006 Bonds remain outstanding. **The Series 2015A Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.** The payment of the principal of and the interest on the Series 2015A Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2015A Bonds. As of October 1, 2018, \$13,260,000 principal amount of Series 2015A Bonds remained outstanding.

In October 2009, the Authority issued its Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009A and Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009B (Federally Taxable – Issuer Subsidy – Build America Bonds) (collectively, the "Series 2009 Bonds") in the initial aggregate principal amount of \$60,000,000. The Series 2009 Bonds were issued for the benefit of the City of Vineland, County of Cumberland, New Jersey (the "City of Vineland") and are secured by payments due to the Authority from the City of Vineland. **The Series 2009 Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.** As of October 1, 2018, \$57,500,000 principal amount of Series 2009 Bonds remained outstanding.

In May 2014, the Authority issued its County-Guaranteed Revenue Bonds (Facilities Acquisition Project), Series 2014, in the initial aggregate principal amount of \$17,955,000 (the "Series 2014 Lease Revenue Bonds"), to finance the construction of an employment and training facility and the acquisition of an office building. **The Series 2014 Lease Revenue Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.** The

payment of the principal of and the interest on the Series 2014 Lease Revenue Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Lease Revenue Bonds. As of October 1, 2018, \$16,325,000 principal amount of Series 2014 Lease Revenue Bonds remained outstanding.

In October 2014, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the initial aggregate principal amount of \$63,890,000 (the "Series 2014 Technical School Bonds"), to finance the construction of a new County technical school. **The Series 2014 Technical School Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.** The payment of the principal of and the interest on the Series 2014 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of October 1, 2018, \$58,670,000 principal amount of Series 2014 Technical School Bonds remained outstanding.

In August 2015, the Authority issued its Revenue Bonds (State Office Buildings Project), Series 2015, in the initial aggregate principal amount of \$3,975,000 (the "Series 2015 State Office Building Bonds"), to finance the renovation of a portion of an existing facility in the County to be utilized through a lease by certain state agencies. **The Series 2015 State Office Building Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.** As of October 1, 2018, \$3,535,000 principal amount of Series 2015 State Office Building Bonds remained outstanding.

In May 2017, the Authority issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the "Series 2017A NJEIT Bonds" and the "Series 2017B NJEIT Bonds"). **Neither the Series 2017A NJEIT Bonds nor the Series 2017B NJEIT Bonds are secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.** The Authority's Series 2017A NJEIT Bonds and Series 2017B NJEIT Bonds were initially issued in the aggregate principal amount of \$10,185,515. As of October 1, 2018, \$2,420,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding and \$7,000,336 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

In October 2017, the Authority issued its Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the principal amount of \$12,000,000 (the "Series 2017 Office Building Bonds") to finance the acquisition of an existing industrial/office complex in the City of Vineland. The payment of the principal of and the interest on the Series 2017 Office Building Bonds is derived from lease payments made to the Authority by the tenants that rent space in the industrial/office complex. **The Series 2017 Office Building Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.** As of October 1, 2018, \$12,000,000 principal amount of Series 2017 Office Building Bonds remained outstanding.

In December 2017, the Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the initial aggregate principal amount of \$21,935,000 (the "Series 2017 Vineland Public Safety Facility Bonds"), to finance the acquisition of property and the development and construction of a public safety facility in the City of Vineland. The payment of the principal of and the interest on the Series 2017 Vineland Public Safety Facility Bonds is derived from lease payments made by the City to the Authority. **The Series 2017 Vineland Public Safety Facility Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.** As of October 1, 2018, \$21,935,000 principal amount of Series 2017 Vineland Public Safety Facility Bonds remained outstanding.

On September 13, 2018, the Authority issued its Revenue Bonds (Facilities Renovation Project), Series 2018, in the principal amount of \$3,200,000 (the "Series 2018 Facilities Renovation Project Bonds") to finance various renovations and improvements to the existing industrial/office complex in the City of Vineland for use by the City of Vineland. The payment of the principal of and the interest on the Series 2018 Facilities Renovation Project is secured by lease payments to be made to the Authority by the City of Vineland. **The Series 2018 Facilities Renovation Project Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.** As of October 1, 2018, the entire principal amount of Series 2018 Facilities Renovation Project Bonds remained outstanding.

In addition to the indebtedness described above, the Authority has other indebtedness, including certain capital leases, none of which is secured by the Revenues or other Pledged Property pledged under the Indenture as security for the Series 2019 Bonds.

## **THE TECHNICAL SCHOOL**

The Cumberland County Board of Vocational Education (referred to herein as the "Technical School") was established in 1969 and has been serving residents of the County for over forty years. The Technical School is a public career and technical high school dedicated to providing each student the opportunity to reach his or her potential as a productive and successful member of the community. The Technical School is governed by a seven member board. Six members of the board are appointed by the Board of Chosen Freeholders of the County. The seventh member of the board is the Cumberland County Executive Superintendent of Schools. The present members of the governing body of the Technical School, their offices and the expiration dates of their terms as members are as follows:

<b><u>Name</u></b>	<b><u>Office</u></b>	<b><u>Expiration of Term</u></b>
Carlos Villar	President	October 2022
Ruth Hands	Vice President	October 2019
Christy DiLeonardo	Member	October 2021
Scott Groff	Member	October 2020
Sheila McCann	Member	October 2022
John Redden	Member	October 2021
Leslie White-Coursey	Member	Ex Officio

## **LITIGATION**

### **Authority**

In the opinion of Archer & Greiner, P.C., Haddonfield, New Jersey, 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 Series 2019 Bonds or in any way contesting the validity or affecting the authority for the issuance of the Series 2019 Bonds, the adoption of the Bond Resolution, or the authorization, execution and delivery by the Authority of the Loan Agreement or any other of the financing documents to which the Authority is a party, or the existence or powers of the Authority.

### **County**

In the opinion of Theodore E. Baker, Esq., Bridgeton, New Jersey, County Counsel, there is no litigation pending or, to the best knowledge of County Counsel, threatened to restrain or enjoin the

authorization, execution or delivery by the County of the County Bond or the Loan Agreement, or in any way contesting or affecting the validity of the County Bond or the Loan Agreement, or any proceedings of the County taken with respect to the authorization, execution or delivery of the County Bond, the Loan Agreement or the 2019 Project. Also, there is no litigation pending or, to the best knowledge of County Counsel, threatened that would have a material and adverse impact on the financial condition of the County if adversely decided.

## **Technical School**

In the opinion of Flaster Greenberg PC, General Counsel to the Technical School, there is no litigation pending or, to the best of their knowledge, threatened to restrain or enjoin the Technical School from entering into or delivering the Loan Agreement or in any way contesting or affecting the ability of the Technical School to complete the 2019 Project.

## **TAX MATTERS**

### **Federal Tax Matters**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, assuming continuing compliance by the Authority, the County and the Technical School with their respective tax covenants described below, under existing law, interest on the Series 2019 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 previously amended, and as further amended pursuant to Public Law 115-97 ("Tax Cuts and Jobs Act"), signed into law on December 22, 2017 (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 pursuant to Section 55 of the Code. The Tax Cuts and Jobs Act has repealed the alternative minimum tax for corporations.

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 Series 2019 Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Series 2019 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 the Authority, the County and the Technical School with the covenants contained in the Bond Resolution and in the Certificate as to Nonarbitrage and Other Tax Matters that they will comply with the applicable requirements of the Code. These covenants relate to, *inter alia*, the use and investment of proceeds of the Series 2019 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, the County or the Technical School to comply with such covenants could result in the interest on the Series 2019 Bonds being subject to federal income tax from 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 Series 2019 Bonds that may affect the tax-exempt status of the interest of the Series 2019 Bonds.

Ownership of the Series 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain 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 Series 2019 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 Series 2019 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 Series 2019 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 Series 2019 Bonds are *not* "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Series 2019 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.

### **Tax Accounting Treatment of Discount Bonds**

The initial public offering price to be paid for certain Series 2019 Bonds may be less than the amount payable on such Series 2019 Bonds at maturity (the "Discount Bonds"). An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Series 2019 Bonds. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year. However, such accrued interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, S corporations with subchapter C earnings and profits, holders of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income

tax credit and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. In the event of the sale or other taxable disposition of a Discount Bond prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

### **Tax Accounting Treatment of Premium Bonds**

The initial public offering price to be paid for certain Series 2019 Bonds may be greater than the stated redemption price on such Series 2019 Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium with respect to the Premium Bonds. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

### **New Jersey Tax Matters**

Bond Counsel is also of the opinion that interest on the Series 2019 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 the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Series 2019 Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, any such proposal would apply to bonds or notes 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 of the Series 2019 Bonds.

PROSPECTIVE PURCHASERS OF THE SERIES 2019 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 SERIES 2019 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 SERIES 2019 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 SERIES 2019 BONDS NOT A DEBT OF THE STATE**

The Series 2019 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: (i) the Authority, which has no taxing power, the obligation of which is limited to the Pledged Property; and (ii) the County, to the extent of the County Bond, which secures the County's Loan Payments and all other amounts due under the Loan Agreement according to the terms thereof. The County has irrevocably pledged its full faith and credit and covenanted to exercise its *ad valorem* taxing powers, without limitation as to rate or amount, for the punctual payment of the principal and redemption premium, if any, of and interest on the County Bond. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS" herein.

### **CONTINUING DISCLOSURE**

In accordance with the provisions of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, prior to the issuance of the Series 2019 Bonds, the County will enter into a Continuing Disclosure Agreement (the "County Disclosure Agreement"), substantially in the form set forth in "APPENDIX E" hereto.

The County has previously entered into written undertakings to providing ongoing disclosure pursuant to the requirements of the Rule. Within the five years immediately preceding the date of this Official Statement, the County previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, with respect to all or some of the affected issues: (i) audited financial information, as required, for the year ending December 31, 2013; (ii) annual debt statements, as required, for the year ending December 31, 2013; and (iii) its adopted budget for fiscal year ending December 31, 2018. While an auditor's compilation report for the year ending December 31, 2013, which contains the County's financial data, was filed on July 16, 2014, the final audited financial information was not filed

until March 7, 2016. Additionally, in certain instances, the County may not have associated all filings with all outstanding issues for which such filings may have been required. The County has subsequently filed such items contained in (i), (ii) and (iii) above, along with the required event notices. The County has also failed to timely file various required notices regarding (a) its bond issuer rating changes; (b) certain bond insurer rating changes; and (c) notices regarding its failure to file certain financial information and operating data, but the County has subsequently filed such notices. The County appointed Phoenix Advisors, LLC in October of 2014 to serve as continuing disclosure agent.

The Authority has previously entered into written undertakings to provide ongoing disclosure pursuant to the requirements of the Rule. Within the five years immediately preceding the date of this Official Statement, the Authority previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal years ending December 31, 2015 and 2016; (ii) operating data for the fiscal years ending December 31, 2014, 2015, and 2016 with respect to the "Facilities" (as defined in the Official Statement for the Series 2014 Lease Revenue Bonds) and (iii) adopted budgets for the Facilities for fiscal years ending December 31, 2015 (which represented the first full fiscal year budget adopted with respect to the Facilities), 2016 and 2017. Additionally, the Authority previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; (ii) operating data; and (iii) adopted budgets, all as described above, and late filing notices and/or event notices in connection with certain bond insurer rating changes in 2013 and 2014. Such notices of events and late filings have since been filed. The Authority appointed Phoenix Advisors, LLC in December of 2017 to serve as continuing disclosure agent.

## **MUNICIPAL BANKRUPTCY**

**THE BELOW REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE AUTHORITY OR THE COUNTY 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 SERIES 2019 BONDS.**

The undertakings of the Authority and the County should be considered with reference to Chapter 9 of the United States Bankruptcy Code (the "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 (the "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 County 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 Series 2019 Bonds, the Holders of the Series 2019 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 County, 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, specifically 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.

### **APPROVAL OF LEGAL PROCEEDINGS**

The authorization, issuance, sale and delivery by the Authority of the Series 2019 Bonds to the Underwriter are subject to the approval of certain legal matters by Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority. The opinion of Bond Counsel is expected to be delivered in substantially the form included as APPENDIX "D" to this Official Statement. Certain legal matters will be passed on for the Authority by its counsel, Archer & Greiner, P.C., Haddonfield, New Jersey; for the County by Theodore E. Baker, Esq., Bridgeton, New Jersey, County Counsel and by McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, County Bond Counsel; and for the Underwriter by its counsel, Saul Ewing Arnstein & Lehr LLP, Princeton, New Jersey.

The various legal opinions and/or certifications to be delivered concurrently with the delivery of the Series 2019 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 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 Series 2019 Bonds, and that such obligations are authorized security for any and all public deposits.

### **RATING**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned its municipal bond rating of "AA-" to the Series 2019 Bonds.

Generally, rating agencies base their ratings on information and materials so furnished and on investigations, studies and assumptions by the rating agencies. The rating assigned to the Series 2019 Bonds reflects only the view of S&P at the time such rating was issued, and an explanation of the significance of such rating and the corresponding outlook may be obtained only from S&P. Such rating is not a recommendation to buy, sell or hold the Series 2019 Bonds and may be subject to revision or withdrawal at any time. There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2019 Bonds.

None of the Authority, the County or the Underwriter has undertaken any responsibility to maintain any particular rating on the Series 2019 Bonds.

### **INDEPENDENT AUDITOR**

An Except of Report of Audit of Financial Statements of the County for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 is included in APPENDIX "B" to this Official Statement. The financial statements of the County for such years have been audited by Bowman & Company LLP, Voorhees, New Jersey, independent certified public accountants, as stated in the excerpt of their report appearing in APPENDIX "B" to this Official Statement.

### **UNDERWRITING**

Roosevelt & Cross, Incorporated, as underwriter ("Underwriter"), has agreed, pursuant to a bond purchase contract with the Authority (the "Bond Purchase Contract"), subject to certain conditions, to purchase the Series 2019 Bonds from the Authority. The purchase price for the Series 2019 Bonds shall be \$\_\_\_\_\_ (representing the principal amount of the Series 2019 Bonds, [plus/less] [net] original issue [premium/discount] in the amount of \$\_\_\_\_\_, less Underwriter's discount in the amount of \$\_\_\_\_\_). The Underwriter is obligated to purchase all of the Series 2019 Bonds if any Series 2019 Bonds are purchased. The obligation of the Underwriter to accept delivery of the Series 2019 Bonds is subject to various conditions contained in the Bond Purchase Contract.

The initial public offering yields for the Series 2019 Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2019 Bonds to certain dealers (including dealers depositing bonds into investment trusts) and certain dealer banks acting as agents at yields higher than the public offering yields stated on the inside front cover page hereof for the Series 2019 Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority and/or the County for which it received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

### **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Authority with respect to this transaction (the "Municipal Advisor"). The Municipal 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 Municipal 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 County which has been provided by the County from public documents of the County and from other public or official documents or publications which are referred to therein. Neither the Authority, Bond Counsel, the Municipal Advisor nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority, Bond Counsel, the Municipal Advisor and the Underwriter disclaim any responsibility for the accuracy or completeness thereof.

APPENDIX "B" to this Official Statement consists of an Excerpt of Report of Audit of Financial Statements of the County which have been provided by the County from public documents of the County and from other public or official documents or publications which are referred to therein. A copy of the complete Report of Audit of Financial Statements of the County may be obtained upon request to the office of the Chief Financial Officer of the County. Neither the Authority, Bond Counsel, the Municipal Advisor nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy or completeness thereof.

APPENDIX "C" to this Official Statement consists of the forms of the Bond Resolution and the proposed form of the Loan Agreement.

APPENDIX "D" to this Official Statement consists of the proposed form of Opinion of Bond Counsel to the Authority.

APPENDIX "E" to this Official Statement consists of the proposed form of the Continuing Disclosure Agreement.

## **MISCELLANEOUS**

The execution and delivery of this Official Statement has been duly authorized by the Authority. Concurrently with the delivery of the Series 2019 Bonds, the Authority will furnish a certificate to the effect that nothing has come to the Authority's attention that would lead the Authority to believe that the Official Statement, in final form, contains any untrue statement of a material fact or omits to state any information necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. Certain information contained in this 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 Series 2019 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 County or the Authority since the date hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The execution by its Chairman and the delivery of this Official Statement is duly authorized by the Authority.

**THE CUMBERLAND COUNTY IMPROVEMENT  
AUTHORITY**

By: \_\_\_\_\_  
Gerard Velazquez, III  
President/Chief Executive Officer, Chairman

Approved with respect to the information set forth herein relating to the County, the Loan Agreement, the County Bond and the County Disclosure Agreement:

**COUNTY OF CUMBERLAND, NEW  
JERSEY**

By: \_\_\_\_\_  
Gerald Seneski,  
Chief Financial Officer/Treasurer



**APPENDIX A**  
**Certain Information Concerning the County**

## GENERAL INFORMATION ON THE COUNTY

Cumberland County (the "County") is located in the southwestern corner of the State of New Jersey, equidistant from New York City and Baltimore-Washington (120 miles) and 35 miles from the Philadelphia-Camden area and Atlantic City. Its 489.3 square miles are bordered by Salem, Gloucester, Atlantic and Cape May Counties. The County is within 300 miles of 1/3 of the nation's population.

The County, for census taking and reporting purposes, is classified as a Metropolitan Statistical Area (MSA) and as such is identified in census reports as the Vineland-Millville-Bridgeton, New Jersey MSA. It is one of three MSA's comprising the Philadelphia-Camden-Vineland, PA-NJ-DE-MD Combined Statistical Area (CSA) which had a 2010 population of approximately 6,533,683 persons, and exerts a major influence on the County's economic and social system. The County has 14 incorporated areas. These municipalities consist of three cities, one borough and ten townships. For statistical purposes, all are considered a part of the MSA.

The Cumberland County College, the Cumberland County Technical Education Center, the County Office of Employment and Training, the Cumberland County Economic Development Board and programs offered by state and federal agencies provide a constant supply of skilled industrial, commercial and service workers trained to meet specific needs. Most programs are of little or no cost to employers. The County's commercial and industrial job opportunities are centered in the cities of Bridgeton, Millville and Vineland. The remainder of the County supports the agriculture, sand mining, health sciences, advanced manufacturing, transportation, hospitality and retail enterprises.

### Population (1)

Bridgeton, Millville and Vineland are the urban core of the County. Vineland is the largest city in the state in land area (69.5 square miles) with a 2010 population of 60,724. Neighboring Millville (43.0 square miles) has a population of 28,400. Bridgeton, the County seat, has a population of 25,349. Maurice River is the largest Township with a population of 7,976; Upper Deerfield is the second largest of the Townships with a population of 7,660; and Fairfield is the third largest Township with a population of 6,295. The following population counts and estimates are from both the U.S. Census and ESRI, one of the nation's largest demographic and economic forecasting clearing houses.

2017 Estimated Population (ESRI) .....	158,706
2016 Estimated U.S. Census Bureau .....	153,797
2010 Decennial Census .....	156,898
2000 Decennial Census .....	146,438
1990 Decennial Census .....	138,053
1980 Decennial Census .....	132,866

<sup>1</sup> Source: U.S. Census Bureau, 2010 Population.

## Labor Force (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Labor Force	66,400	67,200	67,033	66,125	67,900
Employment	61,800	62,200	60,917	59,308	59,600
Unemployment	4,600	5,000	6,180	6,817	8,300
Unemployment Rate	7.0%	7.5%	9.1%	10.3%	12.2%

<sup>1</sup> Source: State of New Jersey Department of Labor

## COUNTY AGE CHARACTERISTICS – 2010 and 2017

AGE/YEARS	TOTAL 2010	PERCENTAGE OF POPULATION	ESTIMATED TOTAL 2017	PERCENT OF POPULATION
Under 15	31,222	19.9	30,472	19.2
15-24	21,495	13.7	19,997	12.6
25-34	22,593	14.4	24,441	15.4
35-44	22,280	14.2	20,949	13.2
45-54	22,280	14.2	20,473	12.9
55-64	17,416	11.1	18,886	11.9
65+	19,612	12.5	23,488	14.8
TOTAL POP	156,898	100.0	158,706	100.0

Source: ESRI, 2017 data and U.S. Census

## Transportation

The County is located less than one hour's drive from Philadelphia, Wilmington and Atlantic City, and is situated in the Delaware Valley and the Northeast corridor.

Eighty-four miles of state highways, including Routes #47, #49, #77 and #55 (a four-lane freeway) bisect the County, east-west and north-south. These routes make connections with U.S. Highway #40 as well as the New Jersey Turnpike, Interstate #295 and Interstate #42 (the Atlantic City Expressway). The County-maintained roads, totaling 556 miles, provide much of the highway transportation.

The link-up of Route #55 from Port Elizabeth in the southern part of the County to the Route #42 Freeway stretch in southern Gloucester County is the main artery into and out of the County. This uninterrupted road link to the Philadelphia metropolitan area has added a new dimension to the County's transportation network. The County's historic geographic isolation from urban population centers of the East Coast has ended, enabling the County's businesses to gain speedy access to those markets.

NJ Transit runs four fixed bus routes through several municipalities in the County:

- **Route # 313** Cape May to Philadelphia runs through Maurice River Township, Millville and Vineland;
- **Route # 408** Millville to Philadelphia runs through Millville and Vineland;
- **Route # 410** Bridgeton to Philadelphia runs through Bridgeton and Upper Deerfield;
- **Route # 553** Upper Deerfield to Atlantic City runs through Upper Deerfield, Bridgeton, Fairfield, Millville and Vineland.

The County operates the Cumberland Area Transit Service (CATS), a demand-response service for the elderly and disabled, veterans and, with limitations, for the general public in small buses.

Five commercially licensed airfields are located in the County, including Millville Airport, the second largest in the state with its two runways in excess of 5,000 feet long, capable of handling large jets.

Rail service is handled by Conrail and Winchester & Western Railroads, providing freight transportation to most of the County's municipalities. The Winchester and Western Railroad, a short-line carrier, has shown steady growth in the number of annual carloads since taking over much of Conrail's local freight service in 1987.

As required by the Federal government, transportation planning and decision-making for urbanized areas is carried out through Metropolitan Planning Organizations (MPO). On July 1, 1993, the South Jersey Transportation Planning Organization (SJTPO) was designated the MPO for the southern New Jersey counties of Atlantic, Cape May, Cumberland and Salem. The SJTPO was formed to allow a stronger regional approach to solving transportation problems and brings new opportunities to southern New Jersey. MPOs coordinate the planning activities of participating agencies in the region. The MPOs have become partners with state government in deciding how available federal transportation dollars are spent and bring transportation decisions closer to those served. The County prepares yearly revisions to the Transportation Improvement Program for the next five-year period.

## **Industries/Economic Development**

The growth of industrial activity in the County in the Twenty-first Century has been marked by an increase in the number of advanced manufacturing establishments and workers, total wages paid to employees of manufacturers and a many fold increase in the "value added" to manufactured products. The fact that average family income in the County is well below state average is attributable to the seasonality of much of the area's industrial employment and the fact that less than average weekly wages are paid by the County's leading industrial groups.

Manufacturing establishments in the County provide employment for more than 7,428 workers, or 11.7% of the labor force. The County's high proportion of manufacturing workers is partially explained by the fact that the County's tri-city area is a relatively self-contained urban community in which an unusual amount of manufacturing activity is concentrated. All the essential elements of a "home-grown" industrial complex appear to be present in the County.

The Cumberland Empowerment Zone Corporation (CEZ) was established in 1999 following Round II Empowerment Zone designation by the U.S. Department of Housing & Urban Development. The CEZ is unique in that it is the only county-based Empowerment Zone in the nation. It was spawned through a cooperative effort of four municipalities (Bridgeton, Millville, Vineland and Commercial Township), the County, and the State of New Jersey.

The goal of the Empowerment Zone program is to expand economic opportunity in targeted communities and neighborhoods in the County. A number of important local projects and initiatives have been funded by the CEZ. These include expansion of industrial parks, neighborhood redevelopment projects, transportation and infrastructure investment, small business training and support, business loan and incentive programs and many other community development projects. The CEZ has been recognized as one of the top performing empowerment zones in the nation.

During the last 10 years, the CEZ has funded over 130 job-creating projects throughout the County. The CEZ has leveraged \$25.6 million in federal dollars with \$223.8 million in public and private funding to fund and support the creation of over 1,400 present and anticipated job opportunities for residents of the most distressed communities in the County. The CEZ has been a demonstrated catalyst for change, committed to improving the quality of life for County residents.

In 2004, the Inspira Health Network's new regional hospital opened near the Cumberland County College in Vineland. This new hospital has helped improve the health services as well as the economic profile of the County. The hospital currently employs 2,900 persons in a diverse range of professions. Its workforce has expanded significantly since its inception and is the County's largest employer. Adjacent to the hospital is a private rehabilitation clinic and other medical offices. Various additional new buildings are planned at the College and will help to make the interchange at Route 55/Sherman Avenue one of the employment hubs of the eastern part of the County.

Even though industry has played a dominant role in the County's economic activity, the importance of the area's agricultural pursuits cannot be minimized. The County has retained its position as New Jersey's leading county in terms of the value of agricultural products sold. The fertile land and active rural work force has led to the establishment of major food processing, freezing, storage and distribution plants bearing the names of Seabrook Brothers & Sons, Manischewitz, Venice Maid, Pappas, Plochman, Cumberland Dairy and White Wave. Cumberland Dairy, for instance, employs 100 people making the milkshake blends used by hundreds of fast food establishments within a 150-mile radius. White Wave established a soy processing plant in Bridgeton. Vineland is the home of the largest farmers' cooperative produce auction east of the Mississippi.

The latest (2012) US Census of Agriculture ranked the County as New Jersey's highest grossing county with a market value of agricultural products sold totaling over \$170 million. The County is the largest producer of nursery and horticulture products in the state, producing nearly \$100 million worth (wholesale) of plants annually. The County also has higher sales of vegetables than any other county in the state, totaling over \$43 million in 2012. In total, agriculture employs better than 5,000 people in the County and contributes roughly \$2 billion to the County economy in sales, payroll and expenditures.

The Rutgers Agricultural Research and Extension Center in Upper Deerfield generates and dispenses research applicable to the production of high-quality vegetable crops, ornamentals, field crops, and tree and small fruits, with special emphasis on crop protection and integrated pest management. The center stimulates the production of crops with maximum benefit to the New Jersey economy and minimum risk to the environment.

Another Rutgers facility in the County is The Rutgers Food Innovation Center (FIC), a unique food business incubation and economic development accelerator program. FIC is a distinctive food industry resource focused on developing, commercializing, marketing and selling food and beverage products. Since the County is one of the leading counties of agricultural products sold, the Food Innovation Center will enhance the types of produce that will be grown in the County.

As a companion project to the FIC, a new, 30,000 s.f. food specialization center will begin construction this year. The center will provide a location for food business startups as well as established food companies. The new facility will bring up to 190 new jobs to the Bridgeton area and Cumberland County.

The glass industry is still present in the County. Durand International, the largest family owned glass manufacturer in France, constructed their first American Manufacturing facility in the City of Millville in 1982. Durand specializes in fine quality crystal tableware and gift items. Other glass manufacturing plants continue to report generally satisfactory conditions. They are divided between bottle manufacturing and specialty glassware production, especially laboratory and medical paraphernalia.

The County has many advantages for distribution centers. With 70 million people living within an overnight truck drive, a vast consumer and industrial market can be reached easily. Extensive cold storage (frozen) facilities are located in the Seabrook and Vineland areas.

The three cities, Bridgeton, Millville and Vineland, have industrial parks in various stages of development:

Millville 250 acres  
Millville Airport 200 acres (exclusive of airport operations)  
Vineland 252 acres  
Bridgeton 68 acres

In Vineland and Bridgeton, additional tracts have been proposed for industrial use. Vineland is in the early stages of acquisition and design of a new industrial park in the western side of the City, and is also working to redevelop a 250 acre property along Lincoln Avenue, just off of NJ Route 55. Millville's airport is a substantial and expanding industrial complex open to industries associated with the aviation field. The complex offers services ranging from large jet engine repair facilities to FAA inspection agencies. Four paved runways at Millville Airport can handle large jets, making it one of the largest aviation centers in New Jersey. With the increased interest in drone aircraft manufacturing and distribution, the County is receiving renewed interest in the many assets the Airport has to offer.

The United States Department of Commerce has designated Millville's Municipal Airport as a Foreign Trade Zone (FTZ). Companies operating in the zone can receive, store or assemble foreign goods without being subject to full United States Customs duties or federal excise taxes, which helps these companies to compete against foreign manufacturers.

In October, 1999 the Delaware River and Bay Authority took over operations of the Millville Municipal Airport in a 30 year lease of the 916 acre facility for a \$1.3 million lump-sum payment to the City, with two options for renewal of the lease. The CEZ will provide assistance to businesses and enhance development at the airport.

The much anticipated opening of the New Jersey Motorsports Park (NJMP) in Millville occurred in 2008. On over 700 acres, NJMP offers an incredible amount of diverse and dynamic motorsports attractions. Phase I includes two road courses (Thunderbolt and Lightning), an exclusive motorsports country club known as the Drivers Club, VIP Suites, a first class karting facility where anyone can experience the thrill of motorsports behind the wheel for the first time, concessions and Shade Tree Garages. Phase II includes unique trackside Villa homes, a commercial corner (retail, restaurants and commercial services), driving/training school, two restaurant pads, Trackside Raceplex and Research Development Campus (approximately 400,000 square feet) and much more.

A Bridgeton Urban Enterprise Zone (UEZ) was initiated in 1985. The joint Millville/Vineland UEZ was designated in April 1986. Urban Enterprise Zones are designed to promote private capital investment and attract new business in selected areas of New Jersey through the use of tax incentives, thereby creating new employment opportunities. Both the Bridgeton and Millville Urban Enterprise Zones were extended by an act of the New Jersey Legislature in late 2001. This extension has provided millions of dollars in additional revenue to these cities to help with industrial development, infrastructure investments, and community revitalization. The Bridgeton UEZ expired in January 2017, but was subsequently reinstated by the State of New Jersey. The Millville/Vineland UEZ is set to expire in 2019 but it is hoped that the State of NJ will reauthorize the UEZ's.

The Cumberland County Economic Development Board coordinates efforts of County agencies such as: the Improvement Authority; Employment and Training; Technical Education Center; and County College. The Board works closely with the three cities, eleven municipalities, other public agencies, business developers, and private organizations to attract additional development to the County.

The Board continues to focus on five objectives: 1) promotion of the County and its business climate, 2) maintaining and improving the quality of life, 3) retention and expansion of existing businesses, 4) attraction of applicable and labor-available industries; and 5) dissemination of information and technical reports that inform the business sector on pertinent topics.

The County was one of the first four sites throughout the State that created a one-stop career center. The career center houses the County's social services and job training offices, the State employment and unemployment offices, and a child care services office of Tri-County Community Action Agency. Workforce New Jersey, a one-stop career center system, provides New Jersey employers, workers, students and job seekers with simple, direct and comprehensive access to all employment, training, education and human services programs, as well as a variety of information to the business community.

To attract and support Twenty-first Century industries, in 2016 the Cumberland County Technical Education Center opened the doors on its new \$70,000,000 full time four year high school adjacent to the Cumberland County College. This project brought 107 new full-time professional jobs to the County and is estimated to have had a \$295,000,000 direct and indirect impact on the County economy.

Cumberland County offers the area's best incentive package, accessible and affordable sites and the region's most available and hardworking labor force. A Federal Empowerment Zone designation, two Urban Enterprise Zones, flexible financing, and low business costs make the County competitive with all areas of the country. In addition there is some of the finest executive housing at very reasonable costs. Lastly, a quality educational system, which produces highly trained and capable students, employees and citizens, makes the County a great place to do business. An outstanding partnership between the Technical High School, the Cumberland County College, the Cumberland-Salem-Cape May Workforce Investment Board affords the County one of the top workforce training programs in the State.

## **Cumberland County Improvement Authority**

The Cumberland County Improvement Authority (the “Improvement Authority”) is a public body corporate and politic of the State and was created by a resolution of the Board of Chosen Freeholders of the County adopted on December 30, 1980, pursuant to the County Improvement Authority Law. The Improvement Authority was established as an instrumentality of the State for, among other purposes, 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 County Improvement Authority Law permit the Improvement Authority to provide for the construction of convention halls, solid waste disposal facilities, recreational/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.

Since its inception, the Improvement Authority's primary responsibility has been to maintain the financial stability and operating efficiencies of the solid waste facility in a deregulated atmosphere while continuing to offer and expand the environmentally beneficial programs to its constituency. The Improvement Authority's Solid Waste Complex is the home of the Sanitary Landfill and related solid waste and recycling initiatives. Three capital infrastructure projects have been completed at the Solid Waste Complex in recent years. They include a \$19.1 million expansion of three cell increasing the landfill by 35 acres, which is projected to accommodate the County until 2041. The Improvement Authority also funded a \$477,630 methane gas capture facility and \$2.2 million for purification of leachate on site. The benefit of these projects is to decrease processing costs, provide a long-term accommodation of solid waste and reduce the use of fossil fuels and greenhouse emission resulting in a long-term economic impact of over \$57 million.

## **Economic Impact and Redevelopment Initiatives of the Improvement Authority**

In addition to its primary responsibility of operating the County's Solid Waste Facility, the Improvement Authority has become the County's designated economic and redevelopment entity. These activities include a “Conduit Bond Financing Program” a government equipment lease program and alternative energy projects. Recently, the Improvement Authority has undertaken a significant redevelopment portfolio that includes the acquisition and construction of the County Board of Social Services and Office of Employment and Training facility at a cost of \$2.4 million for 116,000 square foot, which resulted in the consolidation of federal and state social services and reduced operating costs; the \$7.6 million construction of the Center for Workforce and Economic Development; and the \$68.6 million construction of a new Technical Education Center. Additional projects include the restoration of the East Point Lighthouse that preserved this historic landmark with the intention of increasing regional tourism. The Improvement Authority has also become the office of Economic Development for the County. The Improvement Authority will also own and manage many of the facilities to be acquired and/or constructed.

## **Outstanding Improvement Authority Bonds**

In August 2006, the Improvement Authority issued its Solid Waste System Revenue Bonds (Series 2006), in the initial aggregate principal amount of \$24,485,000 (the “Series 2006 Bonds”), to finance improvements to the Improvement Authority's solid waste complex and disposal system, along with other improvements. A portion of the Series 2006 Bonds were advance refunded by the Improvement Authority's \$14,595,000 County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A (the “Series 2015A Bonds”). As of December 31, 2017, no Series



2006 Bonds remain outstanding. The payment of the principal of and the interest on the Series 2015A Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Improvement Authority in connection with the issuance of the Series 2015A Bonds. As of December 31, 2017, \$14,595,000 principal amount of Series 2015A Bonds remained outstanding.

In October 2009, the Improvement Authority issued its Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009A and Local Unit Program Bonds (Vineland Electric Utility Project), Series 2009B (Federally Taxable – Issuer Subsidy – Build America Bonds) (collectively, the “Series 2009 Bonds”) in the initial aggregate principal amount of \$60,000,000. The Series 2009 Bonds were issued for the benefit of the City and are secured by payments due to the Improvement Authority from the City. As of December 31, 2017, \$58,000,000 principal amount of Series 2009 Bonds remained outstanding.

In May 2014, the Improvement Authority issued its County-Guaranteed Revenue Bonds (Facilities Acquisition Project), Series 2014, in the initial aggregate principal amount of \$17,955,000 (the “Series 2014 Lease Revenue Bonds”), to finance the construction of an employment and training facility and the acquisition of an office building. The payment of the principal of and the interest on the Series 2014 Lease Revenue Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Improvement Authority in connection with the issuance of the Series 2014 Lease Revenue Bonds. As of December 31, 2017, \$16,810,000 principal amount of Series 2014 Lease Revenue Bonds remained outstanding.

In October 2014, the Improvement Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the initial aggregate principal amount of \$63,890,000 (the “Series 2014 Technical School Bonds”), to finance the construction of a new County technical school. The payment of the principal of and the interest on the Series 2014 Technical School Bonds is secured by loan repayments to be made by the County to the Improvement Authority pursuant to a loan agreement executed and delivered by the County and the Improvement Authority in connection with the issuance of the Series 2014 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Improvement Authority. As of December 31, 2017, \$60,465,000 principal amount of Series 2014 Technical School Bonds remained outstanding.

In August 2015, the Improvement Authority issued its Revenue Bonds (State Office Buildings Project), Series 2015, in the initial aggregate principal amount of \$3,975,000 (the “Series 2015 State Office Building Bonds”), to finance the renovation of a portion of an existing facility in the City to be utilized through a lease by certain state agencies. As of December 31, 2017, \$3,710,000 principal amount of Series 2015 State Office Building Bonds remained outstanding.

In May 2017, the Improvement Authority issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the “Series 2017A NJEIT Bonds” and the “Series 2017B NJEIT Bonds”). The Improvement Authority’s Series 2017A NJEIT Bonds and Series 2017B NJEIT Bonds were initially issued in the aggregate principal amount of \$10,185,515. As of December 31, 2017, \$2,510,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding and \$7,389,243 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

In October 2017, the Improvement Authority issued Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the principal amount of \$12,000,000. The proceeds from the sale of the Bond, by and between the Improvement Authority and Capital Bank of New Jersey, as purchaser and paying agent, have been used to finance the acquisition of an existing industrial/office complex located at 51-71 West Park Avenue which is comprised of (a) a 32,000 square foot office building, (b) a 30,000 square foot maintenance facility, and (c) a 270,000 square foot warehouse/distribution center. The bond is a first priority mortgage pursuant to which the Improvement Authority has assigned, subject to certain reserved rights, its interest under the Lease agreements. As of December 31, 2017, \$12,000,000 principal amount of Series 2017 Bonds (Office Building Acquisition Project) remained outstanding.

In December 2017, the Improvement Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the initial aggregate principal amount of \$21,935,000 (the “Series 2017 Vineland Public Safety Building Bonds”), to provide funds which will be used to finance the acquisition of certain real property in the City of Vineland, County of Cumberland, New Jersey (the “City”) on behalf of the City, which, together with certain real property currently owned by the City, will comprise the Project Site for the development and construction of an approximately 53,000 square foot public safety facility on the project site and the costs of equipping the Facility. As of December 31, 2017, \$21,935,000 principal amount of the Vineland Public Safety Building Project Series 2017 Bonds remained outstanding.

In December 2017, the Improvement Authority (“Borrower”) secured a term loan with TD Bank, N.A. (“Lender”) in the amount of \$7,357,350 secured by property located at E. Broad to Willow Streets, City of Bridgeton, Cumberland County, New Jersey to be used to fund a loan from the Borrower to the Investment Fund in connection with the NMTC Transaction and to pay costs and expenses incident to closing the Loan. As of December 31, 2017, the entire principal amount of \$7,357,350 remained outstanding.

### **Solid Waste Flow Enforcement**

Prior to the United States Supreme Court’s denial of a petition for certiorari on November 10, 1997 in *Atlantic Coast Demolition & Recycling, Inc. v. Board of Chosen Freeholders of Atlantic County, et al.* 112 F.3d 652 (3d Cir.), cert. denied, 118 S. Ct. 412-413, 139L. Ed. 2d 316 (1997) (“Atlantic Coast”), all solid waste generated in New Jersey was directed to be delivered to designated facilities. The power to direct waste and enforce direction stemmed from three regulatory mechanisms: solid waste management plans, DEP regulations (N.J.A.C. 7:26-6.5) codifying waste flow directives included in each solid waste management plan, and through the issuance of solid waste disposal franchises. In *Atlantic Coast*, the United States Court of Appeals for the Third Circuit affirmed a United States District Court’s finding that the State’s system of regulatory flow control was unconstitutional to the extent that facilities designated in district solid waste management plans to receive waste were not selected in a manner permitting competition from out-of-state facilities.

As a result, no district may implement a solid waste management plan that discriminates against out of state competition. The County’s response to the demise of flow control regulations was to propose in December 1997, Amendment 14 of the Plan which provides that the Improvement Authority will seek to operate its landfill in a competitive marketplace by voluntarily contracting with municipalities, collectors and generators to secure solid waste and generate necessary revenues to pay debt service and operating expenses. Amendment 14 was approved by the DEP Commissioner and became effective on April 24, 1998.

The Improvement Authority's total tipping fee for bulk waste, construction and demolition debris and asbestos was \$70.64/ton. The total tipping fee for municipal solid waste, vegetative waste, animal & food product waste and dry industrial waste was \$59.54/ton. These rates have remained unchanged since 2012, which has allowed the Improvement Authority to be successful in attracting waste from municipalities and private collectors. The Improvement Authority's revenues including reserve and surplus balances are sufficient to fund operating and debt service payments for the foreseeable future. Should economic conditions change significantly, the County has guaranteed certain outstanding debt of the Improvement Authority, as previously described.

### **Ten Largest Non-Governmental Employers**

The 10 largest non-governmental employers in the County, as of July, 2017, employed approximately 9,050 people.

<b><u>Employer</u></b>	<b><u>Employees</u></b>	<b><u>Nature of Business</u></b>	<b><u>Location</u></b>
Inspira Health Network	2,900	Health Care	Various
Durand Glass Manufacturing Co./ARC International	1,100	Glass Manufacturing	Millville
Wal-Mart	920	Retail Sales	Various
ShopRite	791	Supermarket Chain	Various
F & S Produce	750	Food Processing	Rosenhayn
Sheppard Bus Service	650	Transportation	Fairfield Twp.
Seabrook Brothers and Sons	590	Food Processing	Upper Deerfield
WaWa	533	Food and Beverage Provider	Various
OMNI Baking	500	Food Processing	Vineland
Elwyn New Jersey	448	Provides Services for People With Special Needs	Vineland

Source: Cumberland County government, 2018

### **Farmland & Open Space Preservation**

To provide stable funding for the Farmland Preservation Program, the Board of Chosen Freeholders authorized the Farmland and Open Space Preservation Trust Fund referendum on the November 1994 ballot. As of December 2017, the County has preserved 20,217 acres of farmland.

The Cumberland County Agriculture Development Board (CCADB) continues to work on issues related to the economic viability of agriculture. The CCADB developed the Agricultural Enterprise District concept, modeled on the successful Urban Enterprise Zone Program, to enhance the economic climate for farmers and related agricultural industries. Innovative techniques to preserve farmland and the farming industry, such as the transfer of development rights, installment purchases and development of a twenty-year easement option, are aggressively pursued.

In addition, the County secured its first Green Acres Grant from the New Jersey Department of Environmental Protection ("NJDEP") in 2013 and a second Green Acres Grant in 2015 to assist municipalities acquire and preserve recreational open space.

## **Housing**

The County offers the advantages of life in or near the three urban centers without the drawbacks of impacted metropolitan areas. The cities of Millville and Vineland have experienced the largest recent-year increase in housing inventory. The Townships of Fairfield, Hopewell and Upper Deerfield surrounding Bridgeton City also have added significantly to inventory. In all, the County's housing stock grew by 3,430 units or 6.5% to 56,299 during the 2000's. Home ownership stands at 64.3% of year round units. Median value of owner occupied units was \$170,674 in 2017.<sup>1</sup> Moderate priced housing of many types is available. Current construction is keeping pace with demand. The 2017 average sales price of homes in the County was \$143,900 according to Zillow (a major real estate and home sales network.) Zillow indicates that home values have increased 5.1% in the past year and are expected to increase by another 2.9% in the coming year. Public ordinances play a major role in improving and maintaining good housing conditions. Federal tax incentives and depreciation allowances applicable to commercial structures in National Historic Districts of Bridgeton, Millville, and Greenwich have been used to bring existing structures up to acceptable standards.

## **Household Income**

Average (mean) 2017 household income in the County is estimated at \$66,452 slightly below the national average. Since 2010, household income has increased from \$62,929 or 0.8% annually. This rate of income growth is expected to accelerate significantly as the national and regional economies improve.

## **Pinelands**

The legislative mandate to protect the Pinelands is set forth in the National Parks and Recreation Act of 1978, signed by President Carter on November 10, 1978. The Act established the Pinelands National Reserve, encompassing parts of seven southern New Jersey counties and all or parts of 56 municipalities. This includes parts of two County municipalities, Maurice River Township and Vineland City, totaling 55,700 acres. It also authorizes the establishment of a planning agency responsible for preparing a Comprehensive Management Plan for the reserve.

To comply with the federal statute, Governor Brendan T. Byrne issued Executive Order 71 on February 8, 1979, providing for the establishment of the Pinelands Planning Commission and making development in the Pinelands area subject to Commission approval during the planning period. In June, 1979, the New Jersey Legislature passed the Pineland Protection Act, thereby endorsing the planning restrictions on development. An amendment to this statute divided the Pinelands area into two planning segments, the Preservation and Protection Areas. New Jersey Pinelands Comprehensive Management Plan takes its directions from the acts which recognize the unique natural, physical, and cultural qualities of the Pinelands and the pressure for residential, commercial and industrial development.

Following its work program and legislative mandates, the Commission adopted a plan for the Pinelands, including 45,400 acres in the Protection Area in the County. There is no County acreage in the Preservation Areas.

<sup>1</sup> ESRI, 2017 data

## **Shopping Facilities**

Shopping facilities in the County are varied and well located. In addition to the stores of the central business districts of the three cities and surrounding neighborhoods, a number of national and regional retail chains have located in the County, which has enhanced the retail service marketplace.

There are several major retail centers, including the "Cumberland Mall," at the intersection of S. Delsea Drive (Rt. 47) and Route 55 in Vineland. Currently the number of retail stores and restaurants exceed 65. The Cumberland Mall completed a \$66 million expansion project in 1998. The expansion project more than doubled the existing shopping space to one (1) million square feet including two new anchor department stores, a 3,596-seat movie complex and about 50 new retail stores including Home Depot, a Regal Cinema, J.C. Penney Store (recently rebuilt as a Dicks Sporting Good's Boscov's Department Store, Applebee's, Red Lobster, Victoria's Secret, Bed Bath and Beyond, Marshall's, BJ's, Michael's, and Best Buy. The addition has created an estimated 1,900 new retail and service jobs in the area. The project has also entailed funding for revitalization of the existing mall structure as well as local road and intersection improvement in the mall vicinity.

Also in Vineland near the Rt 55 interchange with Landis Ave (Rt 56) are a super Walmart, ShopRite, hotel chains Wingate and Holiday Inn Express and full service restaurants such as Bennigans, Friendly's and Denny's.

Another retail center is on the Vineland-Millville border at the intersection of S. Delsea Drive and Route 55 (Millville) is the Cumberland Crossing shopping center. The Cumberland Crossings Mall provides 300,000 square feet of commercial shopping space and features a variety of specialty stores, as well as the major retail chain Wal-Mart. Union Lake Crossing opened in 2006 with Target, Kohl's, Dick's, Shop Rite, Staples, PETSMART, Lowe's and many other smaller stores.

Downtown Millville has developed as an arts district, and the Cumberland County College recently built and opened an Arts & Innovation Center: approximately 21,000 square feet of downtown educational, retail and innovative space. This \$7,000,000 project has had an estimated \$17,000,000 direct and indirect impact on the City's downtown and the regional economy. In addition, the Holly City Development Corporation has been aggressively pursuing funding to redevelop housing in the City Center and provide entrepreneurial and workforce assistance through its recently opened Creative Enterprise Center.

On the west side of the County a retail location has developed in Carll's Corner, Upper Deerfield Township north of Bridgeton at the junction of State Highways 77 and 56. Located here are a Wal-Mart, Super Wawa, Tractor Supply, Aldi Grocery and Peebles Department Store.

Also Lidl, the German-based supermarket chain, is opening three stores within the County in 2017 located in Vineland, Millville, and in Upper Deerfield just north of Bridgeton.

## **Recreation and Tourism**

The County provides a wealth of recreational opportunities for residents and visitors alike. Each of the cities offers urban playfields, parks and swimming areas with lifeguards. Bridgeton's park includes the Cohanzick Zoo, one of only two municipal zoos in New Jersey. Millville boasts two-mile long Union Lake and water related recreation. The County fairgrounds feature a great variety

of outdoor events. The State government, the largest landowner in the County, provides fish and game and state forest holdings earmarked for non-intensive natural use. Parvin State Park in Salem County, bordering the County, offers both active and passive open space and water recreation.

Facing directly on Delaware Bay, this "Other Jersey Shore" offers many water related activities, including fishing, hunting, and boating. Fortescue, Newport, and Greenwich offer complete boating facilities and marinas, fine fishing on the Bay, bird-watching sites or just dining.

Greenwich is a town rich in history. In fact many of its buildings have been standing since the Revolutionary War. The entire historic town is on the National Register. Bridgeton's 2,200 homes from the Colonial, Federalist and Victorian periods also are on the National Register. The unique town features brick walkways, scenic Riverfront Promenade and Fountain Plaza.

The NJDEP issued an environmental permit to Public Service Electric and Gas ("PSE&G") in July, 1994. The permit requires the restoration and preservation of up to 14,500 acres of degraded wetlands and adjacent upland buffer areas along the Delaware Estuary. Included is a tract of approximately 4,500 acres of sensitive wetlands and uplands located in Greenwich Township in the County, which is commonly referred to as the Bayside Tract. PSE&G is developing the Estuary Enhancement Program in cooperation with scientists, environmentalists, public officials, and concerned citizens to ensure the successful implementation of these and other permit requirements.

Mauricetown is an 18th Century Sailing Village nestled along picturesque Maurice River and home of several antique shops. Port Norris, also in Commercial Township, was known historically as the Oyster Capital of the World. It is home to the A.J. Meerwald, New Jersey's official tall ship, and the Bay Shore Center at Bivalve – one of the County's premier ecotourism attractions.

Glass making history and the tranquil lifestyles of 1888 South Jersey captured in wooded surroundings are found in Millville. Wheaton Arts & Cultural Center features the elegant Museum of American Glass, a working 1888 Glass Factory with demonstrations, crafts, charming shops, special events and the Down Jersey Folk Life Center. Also worthy of note is Millville's Maurice River waterfront revitalization. Among the projects completed is the Maurice River Waterfront Plaza, a carefully landscaped park that affords adequate seating for visitors to sit and enjoy the scenic river.

The County is within a short distance (40 miles) of some of the finest seashore bathing beaches in the East. Atlantic City's famous boardwalk and casino development adds to nearby attractions.

In December 1993, a bill was signed into law designating the Maurice River and its tributaries – the Manumuskin River and the Menantico and Muskee creeks - as protected under the Wild and Scenic River Act. Under the law more than 35 miles of the four waterways are protected from adverse dam development, contamination/pollution threats and federal condemnation of land. The Maurice River management plan was written by local municipalities, with the guidance of the Cumberland County Department of Planning and Development. On October 26, 1994, official dedication ceremonies were held along the Maurice River.

Tourism is a growing industry in the County. A trip into the past can bring one to many historic sites as well as the entire historic towns of Greenwich, Bridgeton and Mauricetown, Wheaton Arts & Cultural Center and the revitalization of the waterfront in downtown Bridgeton and Millville. The County is also featured in the developing New Jersey Coastal Heritage Trail. The

New Jersey Coastal Heritage Trail is divided into five regions linked by a common heritage of life on the Jersey shore and Raritan and Delaware bays. The County is included in the Delsea Region of the Trail. The Bay-Shore Center at Bivalve, the East Point Lighthouse and the Fortescue State Marina are highlighted in the County's segment.

In 2013 a site signage and podcast interpretation program was launched for fifteen of the most historic sites in the County. This project, offset by grant funds provided by the New Jersey State Council for the Humanities, includes site signage containing quick response codes which direct visitors to a dedicated website, [www.cumberlandhistorical.org](http://www.cumberlandhistorical.org).

A comprehensive Ecotourism Plan was prepared and adopted by the County Planning Board for the County. Ecotourism allows visitors the opportunity to enjoy the natural resources and the environment of the area. It includes only those activities with a direct link to the natural environment. It is noted that the County already has many untouted tourist attractions. Ecotourism would provide both economic development opportunities and preserve the County's natural heritage.

## **Planning**

The State Planning Commission released its Draft State Strategic Plan in November, 2011. With the assistance of the NJ Department of State, Office of the Lt. Governor, the Commission provided a vision for New Jersey through the next 20 years. The plan attempts to determine the best way New Jersey can accommodate new residents and additional jobs expected by 2020 in a manner that the state's taxpayers will be able to afford. The Plan offers a cooperative process in which each level of government can plan together, and through which the public sector can work with the private sector. This planning process is one of the most comprehensive State policy incentives undertaken within recent memory.

The County government, its 14 municipalities, various interest groups and the general citizenry have worked together to reach a consensus on how to manage our growth in ways it can afford. The process, called "cross acceptance" has been completed and submitted to the Commission. The adoption of the State Plan provides guidance to state agencies and local governments on a range of important land uses and growth management issues. The County continues to be involved in this process as County officials seek ways to accommodate State and local interests. The Office of State Planning revises the State Development and Redevelopment Plan every three years. The County Planning Board has adopted recommendations that have been submitted to the state agency.

## **Health Care**

Inspira Health Network provides virtually all major inpatient services in the County. It also provides many outpatient services, including same day surgery, x-rays, lab and therapy. The Frank and Edith Scarpa Regional Cancer Pavilion provides access to the latest technologies and treatments at a regional facility.

The Cumberland County Department of Health and the Department of Health of the City of Vineland provide a variety of health care services. There are four certified Home Health Agencies authorized to operate in the County. Alcohol and drug counseling are available. Psychological and psychiatric evaluations are provided by the Cumberland County Guidance Center and private care providers. Prenatal care is provided through two low cost clinics and private physicians. Overall, there are a number of public and private organizations providing a range of serves from skilled nursing for senior citizens to intermediate care facilities for medical day care clients and others with disabilities or challenged capacities.

## SUMMARY

The County economy is expanding nicely and there is considerable promise on the horizon. New investments in infrastructure and other job and employment generators have had direct and indirect impacts on the County economy totaling more than \$400,000,000 in the last few years. New hotels, restaurants and other hospitality development reflect the growing interest in the County's tourism base and industrial development. New downtown investments in City Centers and new industrial parks are in various stages of development.

Between 2015 and 2017, 10 County companies received \$64.9 million in Grow New Jersey grant awards which led to the creation or retention of 668 jobs. More than \$118 million in private sector investment helped to feed the economic expansion underway. County officials are optimistic about the many new opportunities to come.

### **Industrial Pollution Control Financing Authority of Cumberland County**

Pursuant to the New Jersey Industrial Pollution Control Financing Law (L.1973, c.376), the County, by resolution of the Board of Chosen Freeholders, adopted on July 12, 1974, has created the Industrial Pollution Control Financing Authority of the County. The Pollution Control Financing Authority has not undertaken any projects or financing permissible under said law.

### **Compensated Absences**

Under the existing policies of the County, employees upon retirement will receive one-half of the accumulated unused sick leave to a maximum of \$9,000. Several unions have negotiated payouts higher than that of the general county policy. All employees receive one-half of the accumulated unused sick leave. The maximum payout for the various unions is as follows

United Auto Workers Union (UAW) Local #2327	
General Labor =	\$9,000
Social Services =	\$17,000
Social Services Supervisors =	\$20,000
Council 18 – Social Services =	\$18,000
Communication Workers of America (CWA) Local #1036	
General Labor supervisory employees =	\$9,000
Prosecutor's Assistants (attorneys) =	\$9,000
Association of Superior Assistant Prosecutors (ASAP) =	\$9,000
United Public Service Employees Union (UPSEU)	
Prosecutor's administrative staff =	\$9,000
Fraternal Order of the Police (FOP), Local #194	
Corrections – Superior Officers Association =	\$12,000
Police Benevolent Association (PBA)	
Local #231 County Correction Officers =	\$9,000



Local #299 Sheriff Officers	
Line-Officers =	\$9,000
Superior Officer's Association =	\$12,000
Local #396 Prosecutor Investigators	
Line-Officers =	\$15,000
Superior Officer's Association =	\$17,500

Unused accumulated vacation can carry forward only one year subsequent to the year it is earned and is paid at straight time.

There is a Reserve for Accumulated Sick Leave at December 31, 2017 in the amount of \$1,212,130.55 based upon the 2017 Audited Financial Statement of the County. The adequacy of this reserve has not been determined and is not intended to represent the full liability of the County. For additional information regarding compensated absences, see Appendix B - "Excerpt of Report of Audit of Financial Statements of the County".

### **Pension Plans**

Those County employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contribution, means of the funding and the manner of administration are determined by the state. For additional information regarding pension plans, see Appendix B - "Excerpt of Report of Audit of Financial Statements of the County".

<b>County Employees</b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
County Tax Levy	611	597	611	627	637
Board of Health Tax Levy	40	40	40	40	40
County Library	12	11	11	11	11
Workforce Development Grants	45	45	45	45	45
Aging Grants	39	39	39	39	39
Social Services Grants	227	227			
Other Grants	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>
<b>TOTAL</b>	<b><u>1,001</u></b>	<b><u>986</u></b>	<b><u>773</u></b>	<b><u>789</u></b>	<b><u>799</u></b>

## **Labor Contracts**

The County has labor contracts with the following labor unions. There is currently one expired contract.

### **United Auto Workers Union (UAW) Local #2327**

General Labor, representing 251 employees, expires December 31, 2020

#### **Social Services**

Staff, representing 190 employees, expires December 31, 2019

Supervisors, representing 16 supervisory employees, expires December 31, 2019

### **Council 18**

Social Services, representing 5 supervisory employees expired December 31, 2017

### **Communication Workers of America (CWA) Local #1036**

General Labor, representing 34 supervisory employees expires December 31, 2020

Prosecutor's Assistants (attorneys), representing 18 employees expires December 31, 2021

### **Association of Superior Assistant Prosecutors (ASAP),**

Prosecutor's Assistants, representing 10 employees expires on December 31, 2020

### **United Public Service Employees Union (UPSEU)**

Prosecutor's administrative staff, representing 39 employees expires December 31, 2018

### **Fraternal Order of the Police (FOP), Local #194**

Corrections Superior Officers, 26 employees expires December 31, 2022

### **Police Benevolent Association (PBA)**

Local #231 Correction Officers, representing 170 employees expires December 31, 2019

#### **Local #299 Sheriff Officers**

Line-Officers, representing 51 expires December 31, 2019

Superior Officer's, representing 8 expires December 31, 2018

#### **Local #396 Prosecutor Investigators**

Line-Officers, representing 39 employees expires December 31, 2018

Superior Officer's, representing 11 employees expires December 31, 2018

## **EDUCATION**

### **Primary and Secondary Education**

The public school systems in the County are operated by the Boards of Education in each municipality as Type II school districts. They function independently through nine-member boards, three members of which are elected annually to serve three-year terms.

Each 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 of the municipality for approval.

If the amounts are disapproved, the governing body of the municipality 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 municipality is insufficient to operate a thorough and efficient school system, the Board of Education may appeal to the State Commissioner of Education to restore the local funds eliminated.

Bridgeton City, Millville City and Vineland City each have junior and senior high schools. The remaining school districts in the County send their students to one of these districts or to Cumberland Regional High School. Students may also attend the Cumberland County Technical Education Center.

### **COUNTY OF CUMBERLAND SCHOOL DISTRICTS SCHOOL ENROLLMENTS**

**October 15, 2018 Estimated**

Bridgeton City	6,129
Commercial Township	547
Technical Education Center	695
Cumberland Regional	1,070
Deerfield Township	327
Downe Township	183
Fairfield Township	576
Greenwich Township	61
Hopewell Township	501
Lawrence Township	490
Maurice River Township	406
Millville City	5,697
Shiloh Borough	*
Stow Creek Township	113
Upper Deerfield Township	901
Vineland City	10,276

---

\* School is closed and they send to Hopewell.

### **HIGHER EDUCATION FACILITIES**

#### **Cumberland County College**

Cumberland County College, fully accredited by the Middle States Association of Colleges and Secondary Schools, is an open door, comprehensive, two-year public institution dedicated to meeting the needs of area residents and employers for educational advancement and career training. The College is also dedicated to fostering social and cultural enlightenment within the community. It is sponsored by the people of the County through their Board of Chosen Freeholders who, in turn, appoint eight of the eleven member Board of Trustees. Two members are appointed by the state and the Superintendent of Schools is a member by statute.

The College was founded in November, 1963. The 100-acre campus is located on Sherman Avenue in Vineland. Classes were held for the first time in the autumn of 1966 - making the College New Jersey's first two year college to open on its own campus. Since then the College has gone on to offer a quality education at a reasonable cost. Cumberland County College offers 90 career and transfer programs of study. There are eleven buildings on campus, including the most recent, the Shirlee and Bernard Brown University Center. The Frank Guaracini, Jr. Fine and Performing Arts Center, dedicated in January, 1995, features local, regional and national talent. The Cumberland County College leases a 3,600 square foot building on High Street in Millville for their Clay College. In 2013, a 7,200 square foot facility named the *Paula J. Ring* Education Center on Buck Street in Millville was gifted through the Cumberland County College Foundation. *Washington Monthly* recently ranked the College as the 29<sup>th</sup> best community college in the nation.

As of the Fall of 2016, 1,730 full-time students and 1,418 part-time students were enrolled, for a total enrollment of 3,148.

### **Cumberland County Technical Education Center**

The Cumberland County Board of Vocational Education was created by the Cumberland County Board of Chosen Freeholders in 1969.

Land was purchased at a location centrally located for busing of the four County public high schools and one parochial high school. An attractive functional building was constructed and, in September 1972, classes were opened at the Cumberland County Technical Educational Center located in Bridgeton, NJ.

In May of 2014, The Cumberland County Board of Chosen Freeholders expanded upon their initial vocational school offerings and approved a \$70 million bond ordinance with the State of NJ shouldering 69% of the cost to construct a 204,000 sq. ft. full-time Technical Education Center. The facility opened in 2016 adjacent to the campus of Cumberland County College. The location enables the College, Technical Education Center, and Center for Workforce and Economic Development to all be housed on one campus to work together to create a well trained workforce.

The Cumberland County Technical Education Center (TEC) is in its fourth year of enrolling full time students. The interest in attending the new school has exceeded the expectations of those involved in its creation. Each year over 1,000 students apply for 240 available seats. When fully enrolled, the new school will hold over 1,100 students in grade 9-12.

In October 2018, the Cumberland County Board of Chosen Freeholders approved a \$23 million bond ordinance with the State of New Jersey incurring 72.1% of the cost of to construct a 55,000 sq. ft. expansion of the current facility that will be home to our Health Science and Medicine Program. Historically, Health Science and Medicine has been the most enrolled program. Currently there are four applicants for every one seat. This consistent enrollment, coupled with a health system that serves as Cumberland County's top employer, provides the rationale for the expansion that will serve as an anchor for quality medical training for a variety of populations. Additionally, Adult Education classes are held on the entire campus, with TEC as the lead on evening courses.

As of December, 2018 there are approximately 678 full time students (grades 9-11), 28 STRIVE students, and 30 adult students for a total of 736 students.

## 2018 BUDGET

### Anticipated Revenues:

Fund Balance	\$ 5,680,000.00
Miscellaneous Revenues:	
Local Revenue (Fees, Permits, Licenses, etc.)	15,477,764.00
State Aid (without offsetting appropriation)	5,006,887.00
State Assumed Social Service Program Costs	22,652,956.00
Shared Services Agreements	1,515,000.00
Revenue With Approval of the Director	1,626,510.00
Federal and State Grants with Offsetting Appropriation	8,982,517.00
Local Tax for County Purposes	<u>97,335,000.00</u>
 Total Revenues	 <u><u>\$ 158,276,634.00</u></u>

### Appropriations:

General Government	\$ 5,237,600.00
Facilities and Central Expenses	7,390,000.00
Personnel Costs - Employee Benefits	33,071,567.00
Land Use Administration	775,000.00
Judicial and Corrections	36,618,762.00
Public Safety	2,348,895.00
Public Works	3,898,950.00
Parks, Recreation, Culture and Education	11,024,969.00
Human Services	1,127,780.00
State Assumed Social Service Programs	29,226,646.00
Unclassified and Deferred Charges	486,000.00
Federal and State Grants	10,402,517.00
Capital	555,000.00
Debt	<u>16,112,948.00</u>
 Total Appropriations	 <u><u>\$ 158,276,634.00</u></u>

**CAPITAL PROGRAM**  
**PROJECTS SCHEDULED FOR THE YEARS 2018 - 2023**

<u>Project</u>	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes General</u>
DPW--Improve or Replace Roads, Bridges and Dams	\$ 12,450,000	\$ 622,500	\$ 11,827,500
DPW--Heavy Equipment and Large Trucks	9,235,000	461,750	8,773,250
DPW--Small Equipment and Light Duty Trucks	2,495,000	124,750	2,370,250
B&G--Facilities Renovations, Additions and Improvements	8,125,000	406,250	7,718,750
Public Safety--Communication Structures and Equipment	1,445,000	72,250	1,372,750
Public Safety--Various Improvements	250,000	12,500	237,500
Veterans Cemetery--Site and Building Improvements	850,000	42,500	807,500
Technology--IT Network, Library, Phones, Elections, etc.	3,150,000	157,500	2,992,500
Elections - Replace Election Booths	1,200,000	60,000	1,140,000
<b>TOTALS--ALL PROJECTS</b>	<b>\$ 39,200,000</b>	<b>\$ 1,960,000</b>	<b>\$ 37,240,000</b>

**CERTAIN TAX INFORMATION  
TWENTY LARGEST TAXPAYERS (1)**

<u>Name</u>	<u>Nature of Business</u>	<u>2018 Assessed Valuation</u>
Cumberland Mall Associates	Shopping Mall	\$ 79,934,100
Good Mill LLC	Developer Cell Tower	35,135,700
Wal-Mart Real Estate Business Trust	Real Estate	34,454,900
Vineland Construction Company	Real Estate and Trucking	28,127,100
Durand Glass	Glass Manufacturing Distributor	27,422,400
Roth Realty LLC (Roth 47 & 55)	Hotel/Restaurant	19,260,000
LBW Vineland LLC	Real Estate	18,854,300
T-Fal Corporation c/o Groupe SEB USA	Manufacturer of Kitchen Products	18,558,000
ACP Cumberland Assoc c/o American Cont Prop	Cumberland Crossing Shopping Center	17,024,600
BDGS Inc 317 W. Elmer Rd., Vineland	Real Estate	16,233,700
Berks County Real Estate Associates	Retail - Boscov's	16,200,000
Lucca Freezer & Cold Storage LLC	Real Estate	15,479,100
Maintree Shopping Center LP	Real Estate	13,200,000
LTC Mgmt LLC	Cumberland Manor	11,303,400
Lowe's Home Center Inc. #1816	Home Improvement Center	11,200,000
Verizon – New Jersey	Telephone - Communications	11,166,864
Cedar-Carl's Corner LLC	Real Estate	10,755,600
NA Real Property Associates	Real Estate	10,697,400
Frank's Realty Company	Real Estate	10,500,000
United Mobil Homes of Vineland	Real Estate	10,328,500

**TAX COLLECTIONS (1)**

<u>Year</u>	<u>Tax Levy</u>	<u>Collection Year of Levy</u>	
		<u>Amount</u>	<u>Percentage</u>
2017	\$ 94,760,000	\$ 94,760,000	100%
2016	92,715,000	92,715,000	100%
2015	89,695,000	89,695,000	100%
2014	86,997,488	86,997,488	100%
2013	85,426,646	85,426,646	100%

**EQUALIZED VALUATION ON WHICH COUNTY TAXES  
ARE APPORTIONED AND ANNUAL COUNTY TAX RATE**

<u>Equalized Year</u>	<u>County Valuations</u>	<u>County Tax Rate (2)</u>	<u>Farmland Preservation Tax Rate</u>
2018	\$ 8,823,433,400	\$ 1.1151	\$ 0.0100
2017	8,737,489,589	1.0969	0.0100
2016	8,832,912,324	1.0588	0.0100
2015	8,689,785,077	1.0440	0.0100
2014	8,941,462,565	0.9823	0.0100

(1) Source: County Board of Taxation. County Taxes are levied and collected directly from the constituent municipalities.

(2) Source: County Board of Taxation. Rate per \$100 of equalized value.

## LOCAL HEALTH SERVICES TAX

The County has a County Local Health Board for which there is a separate tax rate based upon equalized valuation for those Municipalities that participate.

<u>Year</u>	<u>Tax Levy</u>	<u>Tax Rate (1)</u>
2018	\$ 2,450,000	\$ 0.0529
2017	2,416,972	0.0524
2016	2,369,580	0.0514
2015	2,369,580	0.0509
2014	2,369,580	0.0489

## REAL PROPERTY CLASSIFICATION

<b>Total Assessed Value</b>							
<u>Year</u>	<u>Improvements</u>	<u>Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2018	\$ 8,403,586,400	\$ 181,434,600	\$ 5,896,900,600	\$291,762,800	\$ 1,412,818,600	\$ 436,586,500	\$ 184,083,300
2017	8,435,715,600	181,147,400	5,886,206,900	290,898,400	1,437,555,400	450,087,000	189,820,500
2016	8,410,944,900	182,548,000	5,840,798,400	288,312,300	1,451,391,400	458,253,400	189,641,400
2015	8,453,984,900	186,844,400	5,836,173,600	302,470,200	1,462,442,900	469,088,300	196,965,500
2014	8,395,961,100	196,391,200	5,743,008,800	297,156,300	1,502,303,900	468,904,100	188,196,800

## STATEMENT OF EQUALIZED VALUATION FOR CONSTITUENT MUNICIPALITIES

	<u>2018 (2)</u>				<u>2017 (2)</u>		
	<u>Equalized Value - Land and Improvements</u>	<u>Net Valuation on which County Taxes are Apportioned</u>	<u>Percentage</u>		<u>Equalized Value - Land and Improvements</u>	<u>Net Valuation on which County Taxes are Apportioned</u>	<u>Percentage</u>
			(3)				(3)
Bridgeton	\$ 490,140,299	\$ 507,417,646	5.75%	\$	478,678,128	\$ 496,375,634	5.68%
Commercial Twp.	240,564,310	242,019,225	2.74%		231,170,654	232,619,624	2.66%
Deerfield Twp.	194,872,547	196,352,482	2.23%		194,804,154	196,742,935	2.25%
Downe Twp.	155,548,706	156,910,915	1.78%		147,567,426	149,007,055	1.71%
Fairfield Twp.	274,831,596	276,306,026	3.13%		293,201,977	294,698,002	3.37%
Greenwich Twp.	76,627,893	77,709,890	0.88%		77,218,168	78,209,453	0.90%
Hopewell Twp.	335,972,890	338,257,362	3.83%		315,502,009	317,724,721	3.64%
Lawrence Twp.	224,453,447	226,499,021	2.57%		216,586,730	218,629,078	2.50%
Maurice Twp.	273,905,390	276,761,431	3.14%		293,594,251	296,496,568	3.39%
Millville	1,586,136,114	1,607,811,084	18.22%		1,580,087,489	1,602,404,615	18.34%
Shiloh Boro	31,266,635	31,562,180	0.36%		30,379,531	30,666,180	0.35%
Stow Creek Twp.	118,279,828	119,390,890	1.35%		106,134,209	107,277,233	1.23%
Upper Deerfield Twp.	603,322,584	612,107,837	6.94%		596,305,503	605,625,952	6.93%
Vineland	4,090,864,819	4,154,327,413	47.08%		4,052,315,884	4,111,012,539	47.05%
Total	\$ 8,696,787,058	\$ 8,823,433,402	100.00%	\$	8,613,546,113	\$ 8,737,489,589	100.00%

(1) The Local Health Service Tax became effective for the year 1978 and included all Municipalities in the County except Vineland. Rate is per \$100 of equalized value.

(2) Sources: Final Equalization Table and Abstract of Ratables.

(3) Represents portion of county taxes levied on constituent municipalities.



**COUNTY OF CUMBERLAND  
STATEMENT OF INDEBTEDNESS  
AS OF DECEMBER 31, 2017**

The following table summarizes the direct debt of the County as of December 31, 2017 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et. seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, County College, Vocational School and Bonds Issued by Another Public Body. Deductions from gross debt to arrive at net debt include deductible Bonds issued and Bonds authorized but not issued-capital projects for county college debt and Bonds Issued by Another Public Body. The resulting net debt of \$85,224,780 represents 0.978% of the average of equalized valuations for the County for the last three years, which is within the 2.0% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Debt Auth. But Not Issued	Gross Debt	Deduction	Net Debt
	<u>Bonds</u>	<u>Notes</u>	<u>Loans</u>			<u>Reserves/Fund Balance County College/ Guaranteed Debt</u>	
General	\$47,676,000	\$17,600,000	\$209,244	\$2,617,296	\$68,102,540	\$1,621,910	\$66,480,630
County College	13,314,000				13,314,000	13,314,000	
Vo-Tech High School	60,465,000				60,465,000	41,720,850	18,744,150
Bonds Issued by Another Public Body Guaranteed by the County	41,304,243				41,304,243	41,304,243	
	<u>\$162,759,243</u>	<u>\$17,600,000</u>	<u>\$209,244</u>	<u>\$2,617,296</u>	<u>\$183,185,783</u>	<u>\$97,961,003</u>	<u>\$85,224,780</u>

Source: County Annual Debt Statement

## DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017	\$ 8,714,607,350
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017	0.978%
2017 Net Valuation Taxable	\$ 8,450,292,125
2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 8,628,122,638
Gross Debt (2)	
As a percentage of 2017 Net Valuation Taxable	2.17%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.12%
Net Debt (2)	
As a percentage of 2017 Net Valuation Taxable	1.01%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.99%
Gross Debt Per Capita (3)	\$1,168
Net Debt Per Capita (3)	\$543

---

(1) As of December 31, 2017

(2) Excluding overlapping debt

(3) Based on the 2010 Census of 156,898

Source: Cumberland County

**COUNTY OF CUMBERLAND  
BORROWING CAPACITY**

Statutory Borrowing Capacity:

2.0% of Average (2015-17) Equalized Valuation of Real Property

including Improvements (\$8,714,607,350)	\$ 174,292,147
Net Debt	<u>85,224,780</u>

Remaining Borrowing Capacity Available Under N.J.S.A. 40A:2-6	<u><u>\$ 89,067,367</u></u>
---	-----------------------------

**OVERLAPPING DEBT(1)**

Gross Debt of Constituent Municipalities	\$ 320,709,147
Municipal Utilities and Sewerage Authority Debt of Constituent Municipalities (2)	<u>33,686,062</u>
	<u><u>\$ 287,023,085</u></u>

**SCHEDULE OF MUNICIPAL UTILITY AND SEWERAGE AUTHORITY DEBT  
OF CONSTITUENT MUNICIPALITIES(1)**

Landis Sewerage Authority (Vineland) (2)	\$ 27,400,000
Cumberland County Utilities Authority (2)	<u>6,286,062</u>
	<u><u>\$ 33,686,062</u></u>

(1) As of December 31, 2017

(2) Source Authority Auditor

**SCHEDULE OF COUNTY DEBT SERVICE  
(BONDED DEBT ONLY) (1)**

<u>Year</u>	<u>GENERAL</u>	<u>COLLEGE</u>	<u>Vo-TECH</u>	<u>TOTAL PRINCIPAL</u>	<u>TOTAL INTEREST</u>	<u>TOTAL PRINCIPAL AND INTEREST</u>
2018	\$ 5,285,000	\$ 3,550,000	\$ 1,795,000	\$ 10,630,000	\$ 4,699,963	\$ 15,329,963
2019	4,205,000	3,530,000	1,850,000	9,585,000	4,331,212	13,916,212
2020	4,302,000	3,558,000	1,925,000	9,785,000	4,038,450	13,823,450
2021	4,595,000	3,540,000	2,000,000	10,135,000	3,676,175	13,811,175
2022	4,685,000	2,090,000	2,100,000	8,875,000	3,288,538	12,163,538
2023	4,795,000	2,140,000	2,205,000	9,140,000	2,938,438	12,078,438
2024	2,865,000	1,930,000	2,315,000	7,110,000	2,561,131	9,671,131
2025	1,900,000	1,400,000	2,435,000	5,735,000	2,257,506	7,992,506
2026	1,900,000	1,410,000	2,555,000	5,865,000	2,039,419	7,904,419
2027		1,560,000	2,680,000	4,240,000	1,841,019	6,081,019
2028		500,000	2,815,000	3,315,000	1,676,894	4,991,894
2029		500,000	2,955,000	3,455,000	1,520,519	4,975,519
2030		500,000	3,045,000	3,545,000	1,415,931	4,960,931
2031		250,000	3,135,000	3,385,000	1,312,081	4,697,081
2032			3,225,000	3,225,000	1,213,656	4,438,656
2033			3,330,000	3,330,000	1,112,875	4,442,875
2034			3,350,000	3,350,000	946,375	4,296,375
2035			3,350,000	3,350,000	837,500	4,187,500
2036			3,350,000	3,350,000	670,000	4,020,000
2037			3,350,000	3,350,000	502,500	3,852,500
2038			3,350,000	3,350,000	335,000	3,685,000
2039			3,350,000	3,350,000	167,500	3,517,500
	<u>\$ 34,532,000</u>	<u>\$ 26,458,000</u>	<u>\$ 60,465,000</u>	<u>\$121,455,000</u>	<u>\$43,382,681</u>	<u>\$164,837,681</u>

(1) As of December 31, 2017

Source: Cumberland County

**APPENDIX B**  
**Excerpt of Report of Audit of Financial Statements of the County**



## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Director and  
Members of the County Board of Chosen Freeholders  
County of Cumberland  
Bridgeton, New Jersey 08302

### **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 County of Cumberland, in the State of New Jersey, as of December 31, 2017, 2016, 2015, 2014, and 2013, 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 County'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; 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 County'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 County'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 County 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 County of Cumberland, in the State of New Jersey, as of December 31, 2017, 2016, 2015, 2014, and 2013, 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 County of Cumberland, in the State of New Jersey, as of December 31, 2017, 2016, 2015, 2014, and 2013, 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

As discussed in Note 21 to the financial statements, during the year ended December 31, 2017, the general fixed asset group of accounts for the year ended December 31, 2016 has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Carol A. McAllister*

Carol A. McAllister  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
August 3, 2018

**COUNTY OF CUMBERLAND - CURRENT FUND**  
**Statements of Assets, Liabilities, Reserves and**  
**Fund Balance -- Regulatory Basis**

	<b>As of December 31,</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015*</u></b>	<b><u>2014*</u></b>	<b><u>2013*</u></b>
<b><u>Assets</u></b>					
Regular Fund:					
Cash	\$ 33,651,051	\$ 29,300,465	\$ 28,111,174	\$ 28,700,709	\$ 27,641,334
Shared Service Receivable					
East Point Lighthouse	108,982	503,325			
Receivables with Full Reserves:					
Commodity Billing Receivable--Gasoline	15,719	24,720	22,923		
Added and Omitted Taxes	379,130	389,664	262,138	367,192	306,612
Due Federal and State Grant Fund	2,232,808	2,097,105	1,780,880	1,780,880	859,485
Due General Capital Fund		5,075	16,061	28,359	
Revenue Accounts Receivable	117,793	134,319	20,407	117,292	134,505
Total Assets	\$ 36,505,483	\$ 32,454,673	\$ 30,213,582	\$ 30,994,432	\$ 28,941,936
<b><u>Liabilities, Reserves and Fund Balance</u></b>					
Regular Fund:					
Liabilities					
Appropriation Reserves	\$ 6,834,526	\$ 8,410,140	\$ 5,959,789	\$ 7,380,462	\$ 6,270,203
Reserve for Encumbrances	4,424,072	2,079,289	2,317,530	2,427,060	2,142,537
Accounts Payable	50,073	98,010	104,302	229,241	260,835
East Point Lighthouse	12,011	243,014			
Due to Trust Other Fund					118,838
Due General Capital Fund	4,129				
Other Liabilities and Special Funds	2,892,431	2,896,872	4,005,325	4,804,766	3,841,357
Total Liabilities	14,217,242	13,727,325	12,386,946	14,841,529	12,633,770
Reserve for Receivables	2,745,450	2,650,883	2,102,408	2,293,723	1,300,602
Fund Balance	19,542,791	16,076,465	15,724,228	13,859,180	15,007,564
Total Regular Fund	\$ 36,505,483	\$ 32,454,673	\$ 30,213,582	\$ 30,994,432	\$ 28,941,936

\* By resolution dated December 22, 2015, Cumberland County created a Division of Social Services within the Department of Administration and Finance, effective January 1, 2016.

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



**COUNTY OF CUMBERLAND - CURRENT FUND**  
**Statements of Operations and Changes**  
**in Fund Balance -- Regulatory Basis**

	<b>For the Years Ended December 31,</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Revenue Realized:</b>					
Current Tax Collections	\$ 94,760,000	\$ 92,715,000	\$ 89,695,000	\$ 86,997,488	\$ 85,426,646
Miscellaneous Revenues:					
State and Federal Programs	60,701,146	59,809,388	26,427,176	27,746,728	19,227,287
Other	26,897,934	27,811,405	29,760,563	27,100,756	25,403,778
Other Income	7,115,286	5,233,461	5,700,109	4,530,026	11,116,287
Fund Balance Utilized	5,400,000	5,000,000	4,800,000	4,400,000	7,000,000
Total Income	194,874,366	190,569,254	156,382,848	150,774,998	148,173,998
<b>Expenditures and Encumbrances:</b>					
Operating	129,280,172	147,125,707	112,089,577	99,249,673	96,749,719
Operating-State and Federal Programs	37,832,406	21,540,712	26,427,176	29,093,970	20,559,819
Prior Period Expense	3,214	147,393			
Capital Improvement Fund	400,000	400,000	325,000	260,000	330,000
East Point Lighthouse Restoration	200,000	602,330			
Other Capital Projects	1,739,000				
Debt Service	16,416,882	15,090,030	10,855,908	8,792,954	8,852,323
Deferred Charges and Statutory Expenditures	15,000	3,809	9,515	10,650,781	10,273,015
Other Expenditures	121,366	307,036	10,624	976,004	354,406
Total Expenditures and Encumbrances	186,008,040	185,217,017	149,717,800	149,023,382	137,119,282
Excess in Revenue	8,866,326	5,352,237	6,665,048	1,751,616	11,054,716
Adjustments to Income Before Fund Balance:					
Expenditures Included Above which were by Statute					
Deferred Charges to Budget of Succeeding Year				1,500,000	
Statutory Excess to Fund Balance	8,866,326	5,352,237	6,665,048	3,251,616	11,054,716
Fund Balance, January 1	16,076,465	15,724,228	13,859,180	15,007,564	10,952,848
	24,942,791	21,076,465	20,524,228	18,259,180	22,007,564
Decreased by:					
Utilized by Revenue	5,400,000	5,000,000	4,800,000	4,400,000	7,000,000
Fund Balance, December 31	\$ 19,542,791	\$ 16,076,465	\$ 15,724,228	\$ 13,859,180	\$ 15,007,564

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

**COUNTY OF CUMBERLAND - FEDERAL, STATE AND OTHER GRANT FUND**  
**Statements of Assets, Liabilities, Reserves and**  
**Fund Balance -- Regulatory Basis**

	<b>As of December 31,</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015*</u></b>	<b><u>2014*</u></b>	<b><u>2013*</u></b>
<b><u>Assets</u></b>					
Federal, State and Other Grant Fund:					
Cash	\$ 2,187,544	\$ 2,166,694	\$ 486,483	\$ 1,560	\$ 72,731
Cash--Division of Social Services	7,928,119	6,481,414			
Federal and State Grants Receivable	35,035,231	24,633,383	28,240,938	24,832,663	25,176,600
	<u>\$ 45,150,894</u>	<u>\$ 33,281,491</u>	<u>\$ 28,727,421</u>	<u>\$ 24,834,223</u>	<u>\$ 25,249,331</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>					
Federal, State and Other Grant Fund:					
Due to Current Fund	\$ 2,232,808	\$ 2,097,105	\$ 1,780,880	\$ 1,780,880	\$ 859,485
Unappropriated Reserves	155,169	366,413	538,454	21,288	41,727
Appropriated Reserves	27,712,199	12,361,416	17,858,601	15,884,046	15,148,156
Reserve for Encumbrances	7,122,599	11,975,143	8,549,486	7,148,009	9,199,963
Division of Social Services:					
Due State of New Jersey--					
Temporary Assistance to Needy Families (TANF)	10,481	11,516			
Child Support	7,498	12,116			
Accounts Payable	228,418	757,577			
Payroll Liabilities	87,119	87,119			
Advance Payable--Reach	55,000	55,000			
Unemployment Trust Fund	461,812	468,083			
Appropriated Grant Reserves	2,641,164	1,677,063			
Reserve for Clearing Fund	346,141	262,560			
Reserve for Child Support and Paternity Fund	98,155	143,511			
Restricted Reach Account	(198)	(5,948)			
Restricted Fund Balance	3,992,529	3,012,817			
	<u>\$ 45,150,894</u>	<u>\$ 33,281,491</u>	<u>\$ 28,727,421</u>	<u>\$ 24,834,223</u>	<u>\$ 25,249,331</u>

\* By resolution dated December 22, 2015, Cumberland County created a Division of Social Services within the Department of Administration and Finance, effective January 1, 2016.

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

**COUNTY OF CUMBERLAND - TRUST FUND**  
**Statements of Assets, Liabilities and Reserves--**  
**Regulatory Basis**

	<b>As of December 31,</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b><u>Assets</u></b>					
Trust Fund:					
Cash	\$ 8,086,762	\$ 6,465,356	\$ 5,243,665	\$ 6,699,188	\$ 7,590,195
Due from Current Fund					118,838
Accounts Receivable - Gasoline				72,177	38,220
	<u>8,086,762</u>	<u>6,465,356</u>	<u>5,243,665</u>	<u>6,771,365</u>	<u>7,747,253</u>
County Open Space Fund:					
Cash	283,663	544,345	610,266	-	647,493
Due NJ DEP - Green Acres	300,000				
	<u>583,663</u>	<u>544,345</u>	<u>610,266</u>	<u>-</u>	<u>647,493</u>
Audio-Visual Aid Fund:					
Cash	21,275	21,275	57,974	90,533	81,781
	<u>\$ 8,691,700</u>	<u>\$ 7,030,976</u>	<u>\$ 5,911,905</u>	<u>\$ 6,861,898</u>	<u>\$ 8,476,527</u>
<b><u>Liabilities and Reserves</u></b>					
Trust Fund:					
Encumbrances	\$ 546,686	\$ 528,305	\$ 405,475		
Reserve for Payroll Payables	23,460	23,687	23,460	\$ 493,253	\$ 482,116
Reserve for Performance Guarantee Deposits					17,956
Trust Fund Reserves	6,012,302	4,537,241	3,417,830	4,778,508	6,579,368
County Clerk	535,892	594,718	664,402		
Reserve for County Prosecutor's Law Enforcement Trust Account	413,686	294,472	269,576	223,911	220,147
Reserve for County Prosecutor's Seized Asset Trust Account	439,390	438,641	409,139	391,090	396,929
Reserve for Motor Vehicle Theft	1,428	1,425	1,423		
Reserve for Federal Law Enforcement Trust Account	102,987	35,549	40,926	35,964	24,637
Reserve for County Prosecutor's Asset Maintenance Account	10,931	11,316	11,434	24,673	26,100
	<u>8,086,762</u>	<u>6,465,356</u>	<u>5,243,665</u>	<u>5,947,399</u>	<u>7,747,253</u>
County Open Space Fund:					
Reserve for Farmland Preservation	283,663	544,345	610,266	823,966	647,493
Due NJ DEP - Green Acres	300,000				
	<u>583,663</u>	<u>544,345</u>	<u>610,266</u>	<u>823,966</u>	<u>647,493</u>
Audio-Visual Aid Fund:					
Reserve for Audio-Visual Aid Commission Expenditures	21,275	21,275	57,974	90,533	81,781
	<u>\$ 8,691,700</u>	<u>\$ 7,030,976</u>	<u>\$ 5,911,905</u>	<u>\$ 6,861,898</u>	<u>\$ 8,476,527</u>

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

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

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><u>Assets</u></b>					
Cash and Investments	\$ 16,044,829	\$ 24,135,811	\$ 59,990,712	\$ 89,349,803	\$ 23,115,611
Due Current Fund	4,129				
Deferred Charges to Future Taxation:					
Funded	121,664,244	130,115,117	137,241,102	78,003,234	64,668,552
Unfunded	20,217,295	14,262,500	9,127,128	3,812,834	10,823,831
Amount to be Provided by Capital Loan Agreement				63,890,000	
	<u>\$ 157,930,497</u>	<u>\$ 168,513,428</u>	<u>\$ 206,358,942</u>	<u>\$ 235,055,871</u>	<u>\$ 98,607,994</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>					
Reserve for Encumbrances	\$ 3,888,941	\$ 6,534,518	\$ 5,836,863	\$ 7,694,074	\$ 6,547,422
Bond Anticipation Notes	17,600,000	11,520,000	5,520,000		9,280,000
General Serial Bonds	60,990,000	67,600,000	72,952,000	77,512,000	64,087,000
Green Acres Loan Payable	209,244	305,117	399,102	491,235	581,552
Improvement Authorizations:					
Funded	4,776,058	10,985,334	48,954,711	77,971,271	11,161,968
Unfunded	8,178,722	7,237,615	6,514,076	3,803,319	6,756,136
Due Current Fund		5,075	16,061	28,359	
Capital Improvement Fund	200,622	120,622	20,622	131,813	98,007
Shared Service Contract, Regional Prison Study			80,000		
Reserve for Payment of Bonds	1,621,910	1,995,147	2,175,507	1,248,076	43,001
Reserve for Capitalized Interest				2,285,724	
Obligations Under Capital Loan Agreement	60,465,000	62,210,000	63,890,000	63,890,000	
Fund Balance					52,908
	<u>\$ 157,930,497</u>	<u>\$ 168,513,428</u>	<u>\$ 206,358,942</u>	<u>\$ 235,055,871</u>	<u>\$ 98,607,994</u>

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

**COUNTY OF CUMBERLAND**  
Notes to Financial Statements  
For the Year Ended December 31, 2017

---

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

**Description of Financial Reporting Entity** - The County of Cumberland, New Jersey (the "County"), formerly part of Salem County, New Jersey was established in 1748. The County, approximately 500 square miles in area, is in the southwestern corner of the State of New Jersey and has over 40 miles of Delaware Bay coastline. The Counties of Salem, Gloucester, Atlantic and Cape May border the County on, respectively, the northwest, north, northeast and southeast, with the Delaware Bay forming the southern border of the County. The population of the County, according to the 2010 census, was 156,898.

The County operates under the freeholder form of government. The Board of Chosen Freeholders of the County (the "Board") consists of seven Freeholder members elected at-large for three-year terms on a staggered basis. Each year, the Board elects one of the Freeholders to serve as Freeholder Director. The Freeholder Director appoints Freeholders to be in charge of various committees. The Board, operating through the committee system, is charged with both executive and legislative responsibilities for: (i) formulating policies; (ii) developing new programs; (iii) appointing members of the various County commissions, authorities and boards; (iv) approving the County's operating and capital budgets; and (v) appropriating the funds required to maintain County services.

The County Administrator, appointed by the Board, oversees the daily governmental operations of the County. Each major department is headed by an administrator who acts as liaison to the Freeholder overseeing such department's operations. Financial matters are under the supervision of the County's Chief Financial Officer, who is appointed by the Board.

**Component Units** - The financial statements of the component units of the County are 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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the County, the primary government:

Cumberland County Board of Health  
309 Buck Street  
Millville, New Jersey 08332

Cumberland County Library  
800 East Commerce Street  
Bridgeton, New Jersey 08302

Cumberland County College  
College Drive  
P.O. Box 517  
Vineland, New Jersey 08360

Cumberland County Improvement Authority  
2 North High Street  
Millville, New Jersey 08332

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Component Units (Cont'd)**

Cumberland County Technical Education Center  
3400 College Drive  
Vineland, New Jersey 08360

Cumberland County Insurance Commission  
164 West Broad Street  
Bridgeton, New Jersey 08302

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** - The financial statements of the County contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") 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* 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 County accounts for its financial transactions through the use of separate funds and an account group 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.

**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.

**Federal, State and Other Grant Fund** - The federal, state, and other grant fund accounts for resources and expenditures restricted by various outside agencies.

**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.

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

**Budgets and Budgetary Accounting** - The County must adopt an annual budget for its current fund and its county farmland and open space preservation fund 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 county budget no later than January 26 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 county. 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 county 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 County'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; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey governmental 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 governmental units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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 County 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.

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

**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 County 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 acquisition value as of the date of the transaction. 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 County 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 asset group of accounts, reflecting the activity for the year, must be included in the County'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 include 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.

**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.

**Fund Balance** - Fund balances included in the current fund and the federal, state and other grant 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 County's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the County's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the County which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**County Taxes** - Every municipality in the county is responsible for levying, collecting, and remitting county taxes for the County of Cumberland. 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 for every municipality is charged the amount due to the County for the year, based upon the ratables 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)**

**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 and interest payments on outstanding general capital bonds, loans and notes are provided on the cash 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 fund. 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.

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 County's deposits might not be recovered. Although the County 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, 2017, the County's entire bank balance of \$65,917,494.54 was insured by FDIC and GUDPA.

**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 Tax Information**

<u>Year</u>	<u>Net Valuation on which County Taxes are Apportioned</u>	<u>Board of Health Tax Rate</u>	<u>Farmland Preservation Tax Rate</u>	<u>County Tax Rate</u>
2017	\$8,737,489,589.00	\$0.0524	\$0.0100	\$1.0969
2016	8,832,912,324.00	0.0514	0.0100	1.0589
2015	8,689,785,077.00	0.0510	0.0100	1.0440
2014	8,941,462,565.00	0.0489	0.0100	0.9823
2013	9,264,006,672.00	0.0473	0.0100	0.9279

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 94,760,000.00	\$ 94,760,000.00	100.00%
2016	92,715,000.00	92,715,000.00	100.00%
2015	89,695,000.00	89,695,000.00	100.00%
2014	86,997,488.00	86,997,488.00	100.00%
2013	85,426,646.00	85,426,646.00	100.00%

**Note 4: 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:

**Current Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 19,542,790.73	\$ 5,680,000.00	29.06%
2016	16,076,464.66	5,400,000.00	33.59%
2015	15,724,228.47	5,000,000.00	31.80%
2014	13,859,180.05	4,800,000.00	34.63%
2013	15,007,563.61	4,400,000.00	29.32%

**Note 5: 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, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 2,232,807.97	\$ 4,128.83
Federal, State and Other Grant		2,232,807.97
General Capital	4,128.83	
	<u>\$ 2,236,936.80</u>	<u>\$ 2,236,936.80</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 2018, the County expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 6: PENSION PLANS**

A substantial number of the County'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, several County employees 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/financial-reports.shtml>

**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 County, 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.

**Note 6: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

**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 County. 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 and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 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

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 with 25 years or more of service credit before age 62, 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 10 years of service credit and have not reached the service retirement age for the respective tier.

**Note 6: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**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 10 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 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 non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable 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.

**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 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. 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) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The County's contractually required contribution rate for the year ended December 31, 2017 was 13.01% of the County's covered 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, including an additional amount to finance any unfunded accrued liability.

**Note 6: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - Based on the most recent PERS measurement date of June 30, 2017, the County's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$4,187,092.16, and is payable by April 1, 2018. 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, 2016, the County's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$4,245,947.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$2,409,750.15.

**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 was 10% in State fiscal year 2017. 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.

The County's contractually required contribution rate for the year ended December 31, 2017 was 27.59% of the County's covered 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, 2017, the County's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$3,503,648.00, and is payable by April 1, 2018. 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, 2016, the County's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$3,391,991.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$1,280,470.08.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the County, for the year ended December 31, 2017 was 2.70% of the County's covered payroll.

**Note 6: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Police and Firemen's Retirement System (Cont'd)** - Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2017 is \$342,309.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2016 was \$255,711.00, which was paid on April 1, 2017.

**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 County 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, 2017, employee contributions totaled \$82,950.16, and the County's contributions were \$37,662.42. There were no forfeitures during the year.

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

**Public Employees' Retirement System** - At December 31, 2017, the County's proportionate share of the PERS net pension liability was \$105,213,221.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. The County's proportion of the net pension liability was based on a projection of the County'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, 2017 measurement date, the County's proportion was 0.4519778596%, which was a decrease of (0.0259617460%) from its proportion measured as of June 30, 2016.

At December 31, 2017, the County's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$6,328,001.00. This expense is not recognized by the County because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the County's contribution to PERS was \$4,245,947.00, and was paid on April 1, 2017.

**Police and Firemen's Retirement System** - At December 31, 2017, the County's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

County's Proportionate Share of Net Pension Liability	\$ 61,116,862.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	6,845,604.00
	<u>\$ 67,962,466.00</u>

**Note 6: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Police and Firemen's Retirement System (Cont'd)** - The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. The County's proportion of the net pension liability was based on a projection of the County'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, 2017 measurement date, the County's proportion was 0.3958841726%, which was a decrease of (0.0201371845%) from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the County, was 0.3958841726%, which was a decrease of (0.0201371845%) from its proportion, on-behalf of the County, measured as of June 30, 2016.

At December 31, 2017, the County's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$6,716,186.00. This expense is not recognized by the County because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the County's contribution to PFRS was \$3,391,991.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the County, calculated by the Plan as of the June 30, 2017 measurement date is \$837,372.00. This on-behalf expense is not recognized by the County because of the regulatory basis of accounting as described in note 1.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2017, the County had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 2,477,408.19	\$ 396,490.00	\$ 2,873,898.19	\$ -	\$ 358,705.00	\$ 358,705.00
Changes of Assumptions	21,196,838.73	7,536,390.00	28,733,228.73	21,119,126.10	10,009,155.00	31,128,281.10
Net Difference between Projected and Actual Earnings on Pension Plan Investments	716,431.17	1,166,253.00	1,882,684.17	-	-	-
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	2,067,387.69	4,855,917.00	6,923,304.69	6,834,841.32	2,795,786.00	9,630,627.32
County Contributions Subsequent to the Measurement Date	2,093,546.00	1,751,824.00	3,845,370.00	-	-	-
	<u>\$ 28,551,611.78</u>	<u>\$ 15,706,874.00</u>	<u>\$ 44,258,485.78</u>	<u>\$ 27,953,967.42</u>	<u>\$ 13,163,646.00</u>	<u>\$ 41,117,613.42</u>

\$2,093,546.00 and \$1,751,824.00 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, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the County's year end of December 31, 2017.



**Note 6: 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 County will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<b>PERS</b>		<b>PFRS</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
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
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
Changes in Proportion and Differences between County 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
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59

**Note 6: 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>
2018	\$ 1,160,933.00	\$ 1,797,241.00	\$ 2,958,174.00
2019	2,421,695.00	3,067,685.00	5,489,380.00
2020	1,373,831.00	488,066.00	1,861,897.00
2021	(3,761,112.00)	(3,001,989.00)	(6,763,101.00)
2022	(2,691,248.64)	(1,559,599.00)	(4,250,847.64)
	<u>\$ (1,495,901.64)</u>	<u>\$ 791,404.00</u>	<u>\$ (704,497.64)</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. 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 Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

**Note 6: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, preretirement mortality rates were based on the RP-2000 Preretirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the Plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the Plan actuary's modified 2014 projection scales and further projected on a generational basis using the Plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the Plan actuary's modified 2014 projection scales and further projected on a generational basis using the Plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the table on the following page.

**Note 6: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% 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 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**Note 6: PENSION PLANS (CONT'D)****Sensitivity of County's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Public Employees' Retirement System (PERS)** - The following presents the County's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the County'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>PERS</b>		
	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
County's Proportionate Share of the Net Pension Liability	<u>\$ 130,524,142.00</u>	<u>\$ 105,213,221.00</u>	<u>\$ 84,126,088.00</u>

**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 County's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the County and the State of New Jersey, calculated using a discount rate of 6.14%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>PFRS</b>		
	<b>1% Decrease (5.14%)</b>	<b>Current Discount Rate (6.14%)</b>	<b>1% Increase (7.14%)</b>
County's Proportionate Share of the Net Pension Liability	\$ 80,526,499.00	\$ 61,116,862.00	\$ 45,169,638.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	<u>9,019,647.02</u>	<u>6,845,604.00</u>	<u>5,059,380.45</u>
	<u>\$ 89,546,146.02</u>	<u>\$ 67,962,466.00</u>	<u>\$ 50,229,018.45</u>

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information**

In accordance with GASBS 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 County's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Proportion of the Net Pension Liability	0.4519778596%	0.4779396056%	0.4639708353%
County's Proportionate Share of the Net Pension Liability	\$ 105,213,220.54	\$ 141,552,002.84	\$ 104,152,155.50
County's Covered Payroll (Plan Measurement Period)	\$ 31,175,573.00	\$ 32,826,692.00	\$ 32,222,136.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	337.49%	431.21%	323.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
County's Proportion of the Net Pension Liability	0.4652980263%	0.4901143591%	
County's Proportionate Share of the Net Pension Liability	\$ 87,116,516.36	\$ 93,670,591.99	
County's Covered Payroll (Plan Measurement Period)	\$ 32,433,104.00	\$ 32,965,480.00	
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	268.60%	284.15%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the County's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Contractually Required Contribution	\$ 4,187,092.16	\$ 4,245,947.19	\$ 3,988,904.83
County's Contribution in Relation to the Contractually Required Contribution	<u>(4,187,092.16)</u>	<u>(4,245,947.19)</u>	<u>(3,988,904.83)</u>
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll (Calendar Year)	\$ 32,192,036.00	\$ 31,191,762.00	\$ 32,655,433.00
County's Contributions as a Percentage of Covered Payroll	13.01%	13.61%	12.22%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
County's Contractually Required Contribution	\$ 3,835,849.82	\$ 3,692,911.59	
County's Contribution in Relation to the Contractually Required Contribution	<u>(3,835,849.82)</u>	<u>(3,692,911.59)</u>	
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
County's Covered Payroll (Calendar Year)	\$ 32,256,793.00	\$ 32,133,023.00	
County's Contributions as a Percentage of Covered Payroll	11.89%	11.49%	

**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the County's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Proportion of the Net Pension Liability	0.3958841726%	0.4160213571%	0.3927864532%
County's Proportionate Share of the Net Pension Liability	\$ 61,116,862.00	\$ 79,470,721.00	\$ 65,424,532.00
State's Proportionate Share of the Net Pension Liability associated with the County	6,845,604.00	6,673,569.00	5,737,512.00
Total	<u>\$ 67,962,466.00</u>	<u>\$ 86,144,290.00</u>	<u>\$ 71,162,044.00</u>
County's Covered Payroll (Plan Measurement Period)	\$ 12,663,888.00	\$ 13,208,504.00	\$ 12,318,944.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	482.61%	601.66%	531.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
County's Proportion of the Net Pension Liability	0.3606708197%	0.3494647436%	
County's Proportionate Share of the Net Pension Liability	\$ 45,369,044.00	\$ 46,458,185.00	
State's Proportionate Share of the Net Pension Liability associated with the County	4,885,484.00	4,330,467.00	
Total	<u>\$ 50,254,528.00</u>	<u>\$ 50,788,652.00</u>	
County's Covered Payroll (Plan Measurement Period)	\$ 11,270,164.00	\$ 10,914,296.00	
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	402.56%	425.66%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	



**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the County's Contributions - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Contractually Required Contribution	\$ 3,503,648.00	\$ 3,391,991.00	\$ 3,192,768.00
County's Contribution in Relation to the Contractually Required Contribution	<u>(3,503,648.00)</u>	<u>(3,391,991.00)</u>	<u>(3,192,768.00)</u>
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll (Calendar Year)	\$ 12,698,331.00	\$ 12,742,588.00	\$ 13,311,422.00
County's Contributions as a Percentage of Covered Payroll	27.59%	26.62%	23.99%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
County's Contractually Required Contribution	\$ 2,770,201.00	\$ 2,549,617.00	
County's Contribution in Relation to the Contractually Required Contribution	<u>(2,770,201.00)</u>	<u>(2,549,617.00)</u>	
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
County's Covered Payroll (Calendar Year)	\$ 12,329,444.00	\$ 11,466,250.00	
County's Contributions as a Percentage of Covered Payroll	22.47%	22.24%	

**Note 6: PENSION PLANS (CONT'D)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

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

Changes in Benefit Terms - In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions - For 2017, the discount rate changed to 6.14% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

As disclosed in Note 1, the County prepares its financial statements on a regulatory basis of accounting as prescribed by the Division of Local Government Services. Under this regulatory basis of accounting, the County is required to disclose the impact of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The regulatory basis of accounting does not permit the inclusion of any liability associated with GASB Statement No. 45 in the County's financial statements.

**Plan Description** - The County's defined benefit postemployment healthcare plan, the Cumberland County Postemployment Benefits Plan (the "County Plan"), allows retiring employees, and their eligible dependents, who are at least 55 years of age with 25 or more years of service credit (20 years for veterans) with Cumberland County and who retire from active employment, working a minimum of 20 hours per week, with Cumberland County under the NJ State Pension Program, and employees retiring on accidental disability pension, to receive health and prescription benefits. Eligible retirees contribute 20% of the premium.

The County Plan also allows employees retiring into a state recognized pension plan with at least 10 years of service credit with Cumberland County, or employees retiring on ordinary disability to purchase health and prescription benefits by paying the full premium. Firefighters who retire with at least 25 years of service are eligible under the 20% (rather than 100%) Co-Pay Plan, regardless of age. The

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**Plan Description (Cont'd)** – County Plan was amended to include employees and retirees from the Division of Social Services (DoSS) as eligible for postemployment medical, dental and prescription drug coverage under this plan effective January 1, 2016. However, future DoSS retirees are not eligible for dental coverage. This change increased the unfunded actuarial accrued liability by \$80,259,008. Upon the eligible retiree's enrollment in Medicare, the County plan benefits become secondary.

The County Plan is a single-employer postemployment healthcare plan administered by the County. The benefit provisions of the plan may be established or amended by the respective employer entity; for the County Plan that authority rests with the Board of Chosen Freeholders. The plan does not issue a separate financial report.

**Funding Policy** - The contribution requirement of the County is established by policy of the Board of Chosen Freeholders and reflected in the various union contracts. The Board may amend its policy, subject to contract inclusion, as deemed necessary. The required contribution is based on projected pay-as-you-go financing requirements. For the years 2017, 2016 and 2015, the County contributed \$2,704,161.00, \$3,040,539.00, and \$1,739,736.81, respectively to the County plan for current premiums. Various factors, as stipulated in employee contracts, dictate whether plan members are required to make contributions to the plan. For the years 2017, 2016 and 2015, employee contributions to the plan were \$772,347.00, \$796,663.53, and \$478,336.74, respectively.

**Annual OPEB Cost** - For year ended December 31, 2017, the County's annual OPEB cost (expense) of \$21,869,412.00 for the plan was equal to the ARC plus certain adjustments because the County's actual contributions in prior years differed from the ARC. The County's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for years 2017, 2016, and 2015 are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 26,297,379.00	\$ 20,104,732.00	\$ 15,931,359.00
Interest on the Net OPEB Obligation	2,588,104.00	1,890,259.00	2,306,687.00
Adjustment to the ARC	<u>(7,016,071.00)</u>	<u>(5,957,835.00)</u>	<u>(5,528,730.00)</u>
Annual OPEB Cost	21,869,412.00	16,037,156.00	12,709,316.00
Pay-as-You Go Cost (Existing Retirees)	<u>(4,930,695.00)</u>	<u>(5,377,389.00)</u>	<u>(3,004,291.00)</u>
Increase (Decrease) in the Net OPEB Obligation	16,938,717.00	10,659,767.00	9,705,025.00
Net OPEB Obligation, January 1	<u>86,270,127.00</u>	<u>75,610,360.00</u>	<u>65,905,335.00</u>
Net OPEB Obligation, December 31	<u>\$ 103,208,844.00</u>	<u>\$ 86,270,127.00</u>	<u>\$ 75,610,360.00</u>
Percentage of Annual OPEB Cost Contributed	22.5%	33.5%	23.6%

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**Funded Status and Funding Progress** - The funded status of the plan as of the three past actuarial valuation dates is as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2013</u>
Actuarial Accrued Liability (AAL)	\$ 292,199,257.00	\$ 216,406,584.00	\$ 154,530,727.00
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 292,199,257.00</u>	<u>\$ 216,406,584.00</u>	<u>\$ 154,530,727.00</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%	0.0%
Covered Payroll (Active Plan Members)	\$ 39,080,000.00	\$ 39,216,000.00	\$ 38,664,000.00
UAAL as a Percentage of Covered Payroll	747.7%	551.8%	399.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown above, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions** - The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**Actuarial Methods and Assumptions (Cont'd)** - In the December 31, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality.*
  - Pre-retirement – RP-2014 Employee Mortality Table with a one-year age setback
  - Post-retirement – RP-2014 Healthy Annuitant Mortality Table with a one-year age setback
  - Disabled lives – RP-2014 Disabled Retiree Mortality Table
- *Turnover.* NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility.
- *Assumed Retirement Age.* At first eligibility after completing 25 years of service.
- *Full Attribution Period.* Service to assumed retirement age.
- *Annual Discount Rate.* Future costs have been discounted at the rate of 3.0% compounded annually for GASB 45 purposes.
- *Rates of Retirement, Rates of Withdrawal, and Rates of Disability.* The same table used to value the Public Employees' Retirement System of New Jersey - Local liability.
- *Medical and Prescription Drug Trend.* 10% in 2017, reducing by 1% per annum, leveling at 5% per annum in 2022 and later years.
- *Medical Cost Aging Factor.* NJSHBP Medical Morbidity Rates
- *Retiree Contributions.* 20% of the annual premium coverage is required from eligible retirees.

**Note 8: COMPENSATED ABSENCES**

Under the existing policy of the County, full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. The County of Cumberland compensates employees for unused sick leave upon retirement. The current policy for most employee contracts provides one compensated day for every two days accumulated up to a maximum of \$9,000.00. Other employee contracts with the County, which include the Prosecutor's Office and Department of Corrections, follow the same compensation for the days, but their maximum payout range is between \$12,000.00 and \$17,500.00 which is based on a range of 15 to 25+ years employed by the County.

Employees may also carry forward five vacation days to the subsequent year. Additional days may be carried forward with approval up to a maximum of twelve. However, an employee may not have more than twenty-five vacation days accrued at any one time. These accumulated vacation days are paid with the employee's last paycheck upon termination or retirement. Part-time employees who do not have scheduled hours are not entitled to compensated absences.

The County does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$3,277,592.77. The charges for accumulated sick leave will be included in the year the employee retires. The charges for accrued vacation benefits will be included in the year the employee retires or terminates employment with the County. The County has established a Reserve for Accumulated Sick Leave in the Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2017 the balance of fund was \$1,212,130.55.

**Note 9: DEFERRED COMPENSATION SALARY ACCOUNT**

The County 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 County or its creditors. Since the County does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the County's financial statements.

**Note 10: LEASE OBLIGATIONS**

At December 31, 2017, the County had lease agreements in effect for the following:

Capital:  
None

Operating:  
Land and Building (6 sites)  
Copiers (approximately 76 units)

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

<u>Year</u>	<u>Amount</u>
2018	\$ 1,491,377.62
2019	1,499,353.86
2020	1,384,873.64
2021	1,384,908.72
2022	1,403,985.15
2023-2027	4,252,730.22
2028-2032	2,478,844.92
2033-2037	1,576,474.56

Rental payments under operating leases for the year 2017 were \$1,476,671.39.

**Note 11: CAPITAL DEBT****General Improvement Bonds**

County College Bonds, Series 2002 - On August 1, 2002, the County issued \$6,300,000.00 of County College Bonds, with interest rates ranging from 3.25% to 4.20%. The Bonds were issued to permanently finance various capital improvements in and for the County and the County College. The final maturity of the bonds was August 1, 2017.

General Improvement Bonds, Series 2007 - On November 20, 2007, the County issued \$28,300,000.00 of General Improvement Bonds, with interest rates ranging from 3.50% to 5.00%. The Bonds were issued to permanently finance various capital improvement ordinances, specifically 2005-2, 2006-3, and 2007-2. The final maturity of the bonds is November 1, 2018.

General Improvement Bonds, Series 2009 - On December 29, 2009, the County issued \$18,567,000.00 of General Improvement Bonds, with interest rates ranging from 2.50% to 5.00%. The bonds were issued to fund various capital ordinances, specifically 2008-3 and 2009-1. The final maturity of the bonds is December 15, 2019.

County College Bonds, Series 2012 - On June 29, 2012, the County issued \$8,500,000.00 of County College Bonds, with interest rates ranging from 2.750% to 3.125%. The Bonds were issued to provide for the permanent financing of capital improvement ordinance 2012-4 and for the acquisition of related capital equipment at and for certain facilities of Cumberland County College. The final maturity of the bonds is March 15, 2027.

General Obligation Refunding Bonds, Series 2012 - On September 21, 2012, the County issued \$2,465,000.00 of General Obligation Refunding Bonds, with interest rates ranging from 2.00% to 4.00%. The Bonds were issued to refund all of the County's \$2,500,000.00 General Improvement Bonds, Series 2002 maturing on August 1 in the years 2013 through and including 2017. The final maturity of the bonds was August 1, 2017.

General Obligation Bonds, Series 2014 - On June 26, 2014, the County issued \$19,550,000.00 General Obligation Bonds, consisting of \$16,675,000.00 of General Improvement Bonds and \$2,875,000.00 of County College Bonds, with interest rates ranging from 2.00% to 5.00%. The bonds funded various capital ordinances, specifically 2012-5, 2013-6, 2014-4, and 2014-6. The final maturity of the bonds is February 15, 2026.

County College Bonds, Series 2015 - On June 29, 2015, the County issued \$3,200,000.00 of County College Bonds, with interest rates ranging from 2.50% to 3.00%. The bonds funded capital ordinance 2013-2, as supplemented by 2014-16. The final maturity of the bonds is February 15, 2030.

Refunding Bonds, Series 2015 - On September 16, 2015, the County issued \$12,910,000.00 of General Improvement Refunding Bonds and \$3,850,000.00 of County College Refunding Bonds, with interest rates ranging from 1.00% to 4.00%. The Bonds were issued to advance refund several bond issues including \$2,400,000.00 of the outstanding principal amount of the County's General Improvement Bonds, Series 2006, \$4,000,000.00 of the outstanding principal amount of the County's College Bonds, Series 2006, and \$10,600,000.00 of the outstanding principal amount of the County's General Improvement Bonds, Series 2007. The final maturity of the bonds is August 15, 2023.

Refunding Bonds, Series 2015 - On September 16, 2015, the County issued \$4,150,000.00 of State Aid County College Refunding Bonds, with interest rates ranging from 1.50% to 2.50%. The Bonds were issued to advance refund \$4,000,000.00 of the outstanding principal amount of the County's State Aid County College Bonds, Series 2006. The final maturity of the bonds is August 15, 2021.

**Note 11: CAPITAL DEBT (CON'T)****General Improvement Bonds (Con't)**

County College Bonds, Series 2016 - On March 24, 2016, the County issued \$3,000,000.00 of General Obligation Bonds (County College Bond Series), with interest rates ranging from 3.00% to 3.50%. The bonds funded capital ordinance 2015-7, as amended by 2015-9. The final maturity of the bonds is February 15, 2031.

Refunding Bonds, Series 2016 - On July 13, 2016, the County issued \$7,400,000.00 of General Improvement Refunding Bonds, with interest rates ranging from 2.00% to 5.00%. The Bonds were issued to advance refund \$7,467,000.00 of the outstanding principal amount of the County's General Improvement Bonds, Series 2009. The final maturity of the bonds is December 15, 2024.

County College Bonds, Series 2017 – On June 1, 2017, the County issued \$2,600,000.00 of General Obligation Bonds (County College Bond Series), with interest rates ranging from 2.00% to 4.00%. The bonds funded capital ordinance 2016-4. The final maturity of the bonds is May 15, 2027.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 8,835,000.00	\$ 2,145,313.70	\$ 10,980,313.70
2019	7,735,000.00	1,796,630.76	9,531,630.76
2020	7,860,000.00	1,518,493.76	9,378,493.76
2021	8,135,000.00	1,233,218.76	9,368,218.76
2022	6,775,000.00	945,581.26	7,720,581.26
2023-2027	19,900,000.00	1,607,231.26	21,507,231.26
2028-2031	1,750,000.00	102,500.00	1,852,500.00
	<u>\$ 60,990,000.00</u>	<u>\$ 9,348,969.50</u>	<u>\$ 70,338,969.50</u>

**General Debt – County Capital Loan Agreement**

See Note 16 for information regarding the County Capital Loan Agreement for County Guaranteed Revenue Bonds, Series 2014. The following schedule represents the remaining debt service, through maturity, for the County Capital Loan Agreement:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,795,000.00	\$ 2,647,806.25	\$ 4,442,806.25
2019	1,850,000.00	2,593,956.25	4,443,956.25
2020	1,925,000.00	2,519,956.25	4,444,956.25
2021	2,000,000.00	2,442,956.25	4,442,956.25
2022	2,100,000.00	2,342,956.25	4,442,956.25
2023-2027	12,190,000.00	10,030,281.25	22,220,281.25
2028-2032	15,175,000.00	7,036,581.25	22,211,581.25
2033-2037	16,730,000.00	4,069,250.00	20,799,250.00
2038-2039	6,700,000.00	502,500.00	7,202,500.00
	<u>\$ 60,465,000.00</u>	<u>\$ 34,186,243.75</u>	<u>\$ 94,651,243.75</u>



**Note 11: CAPITAL DEBT (CON'T)****General Debt - New Jersey Green Acres Loans**

On December 22, 2000, the County entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$915,773.00, at an interest rate of 2.00%. The proceeds were used to fund the Sunset Lake Dam project. Semiannual debt payments are due June 22nd and December 22nd through June 22, 2019.

On April 3, 2002, the County entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$632,742.87, at an interest rate of 2.00%. The proceeds were used to fund the East Lake Dam project. Semiannual debt payments are due January 3rd and July 3rd through July 3, 2020.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 97,800.65	\$ 3,698.29	\$ 101,498.94
2019	70,033.09	1,732.51	71,765.60
2020	41,410.06	622.18	42,032.24
	<u>\$ 209,243.80</u>	<u>\$ 6,052.98</u>	<u>\$ 215,296.78</u>

**Note 11: CAPITAL DEBT (CON'T)**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 78,799,243.80	\$ 79,425,117.39	\$ 78,871,101.89
Authorized by Another Public Body			
Guaranteed by the County -- Capital			
Loan Agreement	60,465,000.00	62,210,000.00	63,890,000.00
Bonds Issued by Another Public Body			
Guaranteed by the County -- Bonds and			
Notes	41,304,243.00	33,145,000.00	35,145,000.00
Total Issued	<u>180,568,486.80</u>	<u>174,780,117.39</u>	<u>177,906,101.89</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	<u>2,617,295.72</u>	<u>2,742,500.00</u>	<u>3,607,127.58</u>
Total Issued and Authorized			
but not Issued	<u>183,185,782.52</u>	<u>177,522,617.39</u>	<u>181,513,229.47</u>
<b><u>Deductions</u></b>			
General:			
Bonds Issued by Another Public Body			
Public Body Guaranteed by the County	41,304,243.00	33,145,000.00	35,145,000.00
Funds Temporarily Held to Pay Bonds	1,621,909.97	754,470.14	885,862.14
Bonds Issued and Bonds Authorized			
but not Issued for Capital Projects			
for County Colleges		14,074,000.00	14,501,500.00
Accounts Receivable from Other Public			
Authorities	<u>55,034,850.00</u>	<u>36,747,384.79</u>	<u>44,399,716.60</u>
Total Deductions	<u>97,961,002.97</u>	<u>84,720,854.93</u>	<u>94,932,078.74</u>
<b><u>Net Debt</u></b>	<u>\$ 85,224,779.55</u>	<u>\$ 92,801,762.46</u>	<u>\$ 86,581,150.73</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 .978%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General	<u>\$ 183,185,782.52</u>	<u>\$ 97,961,002.97</u>	<u>\$ 85,224,779.55</u>

Net debt \$85,224,779.55 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$8,714,607,350.00, equals .978%.

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

**Note 11: CAPITAL DEBT (CON'T)****Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

2% of Equalized Valuation Basis	\$ 174,292,147.00
Less: Net Debt	<u>85,224,779.55</u>
Remaining Borrowing Power	<u>\$ 89,067,367.45</u>

**Note 12: DEFEASED DEBT**

In 2016, the County defeased certain general obligation bonds by placing the proceeds of new bonds in a separate irrevocable trust fund. The investments and fixed interest earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the County's financial statements. As of December 31, 2017, the total amount of defeased debt outstanding, but removed from the County's financial statements, is \$7,467,000.00.

**Note 13: ARBITRAGE REBATE**

The Tax Reform Act of 1986 placed restriction on investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity's year end.

The County has multiple bonds outstanding as of December 31, 2017 that are subject to rebate calculations. Rebate calculations on these bonds are required to be made at least once every five years. The County prepares rebate calculations for purposes of determining any contingent liability for rebate in accordance with the requirements. As of December 31, 2017, the County has determined that no arbitrage rebate liability exists. The amount of contingent liability for rebate may change as a result of future events; and the County has not recorded an arbitrage rebate amount that is required to be paid or accrued at December 31, 2017.

**Note 14: CHANGE ORDERS**

During the year 2017, the County amended contracts by approving the following change orders that resulted in the total amount of change orders executed for these projects to exceed the originally awarded contract price by more than twenty percent (20%):

**Ordinance**

<b><u>Number</u></b>	<b><u>Project Description</u></b>
2017-144	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-145	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-146	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-405	East Point Light House Phase II
2017-265	Providing Job Search and Other Work Activities Program for Cape May County by Means of Cumberland County Department of Workforce Development
2017-322	Providing Transportation Services for Children and Families
2017-323	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-324	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-325	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-326	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-327	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-328	Providing Affordable Childcare and Supportive Family Services for Children and Families
2017-336	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-337	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-338	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-339	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-340	Providing Various Social Services for the Homeless and the Social Services Block Grant Homeless Assistance Program
2017-360	Providing Organizational Development and Change Management Training Services for the Cumberland County Division of Social Services
2017-380	Rehabilitation of Bridge, Mauricetown Bypass (CR 670) over Maurice River
2017-406	Community Support Services for the 2016-2018 Area Plan
2017-448	Providing Drug and Alcohol Treatment Services for the Cumberland County Alcohol and Drug Abuse Services Office
2017-494	Providing Various Services for the Cumberland County Youth Services Advisory Council
2017-684	Providing Various Services for the Cumberland County Youth Services Advisory Council

**Note 14: CHANGE ORDERS (CONT'D)**

N.J.A.C. 5:30-11.3 (a) 9 and 10 states that the total number of change orders executed for a particular contract shall not cause the originally awarded contract price to be exceeded by more than twenty percent (20%) unless otherwise authorized, and that if proposed change orders do exceed that twenty percent limitation, no work shall be performed or purchases made until the procedures of N.J.A.C. 5:30-11.9 have been completed.

N.J.A.C. 5:30-11.9 delineates the required procedures for change orders, which exceed the twenty percent (20%) limitation. The County has complied with all provisions of N.J.A.C. 5:30-11.9.

**Note 15: RISK MANAGEMENT**

The County 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.

**Surety Bonds** - The County maintains commercial insurance coverage for surety bonds for selected employees and officials.

**Joint Insurance Pool** - The County is a member of the Cumberland County Insurance Commission (the "Commission"). The Commission is operated in accordance with regulations of the Division of Local Governmental Services of the Department of Community Affairs for the purpose of securing significant savings in insurance cost as well as providing stability in coverage. It is governed by three County officials who serve as commissioners and are appointed by the Board. Coverage in excess of the Commission's self-insured retention limit is provided through the Commission's membership in the New Jersey Counties Excess Joint Insurance Fund established in March 2010. The Commission provides its members with the following coverage:

General Liability, Auto Liability and Law Enforcement Liability  
Worker's Compensation / Employer's Liability  
Property, including Equipment Breakdown

Through membership in the New Jersey Counties Excess Joint Insurance Fund, the Commission offers the following ancillary insurance coverage to its members:

Public Officials Liability/ Employment Practices Liability Crime Employed Lawyers Liability Medical Professional Liability Pollution Liability Non-Owned Aircraft Liability	Volunteer Accident Above / Underground Storage Tank Auto and Excess Auto Liability – CATS Disability – Volunteer Fire Instructors Professional Liability – Trainers Cyber Liability
---	--

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

The Commission provides coverage on a self-insured basis and secures excess insurance in a form and an amount from an insurance company acceptable to the Commissioner of Insurance. The Commission publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Cumberland County Insurance Commission  
164 West Broad Street  
Bridgeton, New Jersey 08302

**Note 15: RISK MANAGEMENT (CON'T)**

**Self-Insurance Plan** - The County is self-insured for all claims incurred prior to October 3, 2012, which is the date of initial membership in the Commission. Subsequent to that date, all claims are processed and paid through the Commission. It has established the Reserve for Workers' Compensation in the Trust -- Other Fund to account for and finance its related uninsured risks of loss up to \$250,000.00 per any one accident. Inservco acts as administrator of the plan. The County purchases insurance for claims in excess of \$250,000.00 through the Commission. Settled claims have not exceeded this commercial coverage in any of the past three years.

At December 31, 2017, the balance estimated to be payable for the workers' compensation insurance was \$984,366.49, which is the amount that the records of the administrator of the plan show as potential claims reported. The balance estimated to be payable for the County general liability was \$90,125.00, which is the amount that the records of the administrator of the plan show as the estimated maximum amount of potential claims reported at December 31, 2017. The estimated payable for workers' compensation and county general liability insurance do not include any provision for claims incurred but not reported.

Any additional funds required for claims in excess of the amounts reserved and recorded as a liability will be paid and charged to the 2017 or future budgets. At December 31, 2017, the balances of the reserves are as follows:

<u>Insurance Plan</u>	<u>Amount</u>
Reserve for Workers' Compensation Insurance--Trust Fund	\$556,639.74
Reserve for General Liability Insurance--Trust Fund	482,234.40
Reserve for Automobile and Contractors Equipment Physical Damage Insurance -- Trust Fund	437,011.20

**Note 16: COUNTY GUARANTEES**

The following information applies to the Cumberland County Improvement Authority ("CCIA") and it should be noted that the CCIA does not have the power to levy or collect taxes. The debt issued by the CCIA is neither a debt nor a liability of the State, the County (except to the extent of any deficiency agreement or guarantee), nor any political subdivision of the State, except the Cumberland County Improvement Authority.

**Cumberland County Improvement Authority**

The Cumberland County Improvement Authority is a public body corporate and politic of the State of New Jersey and was created by a resolution of the County Board of Chosen Freeholders ("the County Board"). The CCIA operates under the supervision of a five member Board who are appointed for five 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.

**Note 16: COUNTY GUARANTEES (CONT'D)**

**Cumberland County Improvement Authority  
Outstanding Debt Issued Under a Lease/Loan Agreement with the County  
Or Guaranteed by the County  
As of December 31, 2017**

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>	<u>Amount Guaranteed by County</u>
(1) County Guaranteed Lease Revenue Bonds, Series 2014	2.00-5.00%	5-29-14	5-1-39	\$16,810,000.00	\$16,810,000.00
(2) County Guaranteed Revenue Bonds, Series 2014	2.00-5.00%	10-30-14	9-1-39	\$60,465,000.00	\$60,465,000.00
(3) County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A	3.00-5.00%	6-4-15	1-1-26	\$14,595,000.00	\$14,595,000.00
(4) New Jersey Environmental Infrastructure Trust Bonds, Series 2017A	3.00-5.00%	5-25-17	9-1-36	\$2,510,000.00	\$2,510,000.00
(5) New Jersey Environmental Infrastructure Fund Loan, Series 2017B	No Interest	5-25-17	9-1-36	\$7,389,243.00	\$7,389,243.00

**2006 Agreement**

On June 29, 2006, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the guarantee ("2006 Guaranty Agreement") of the punctual payment of the principal of and the interest on the Solid Waste System Revenue Bonds, Series 2006 (the "Bonds") of the Cumberland County Improvement Authority (the "Authority") to be issued in the aggregate principal amount not exceeding \$25,000,000.00 pursuant to a resolution of the Authority to provide for the financing of (i) the construction of (a) a Commercial Convenience Center, (b) the Phase II improvements of the Leachate System Improvements, (c) Stage 1 of the Aerobic/Anaerobic Landfill RD & D Project, and (d) an Equipment Storage Maintenance Building; (ii) the renovation of the Administration Building at the Solid Waste Complex; (iii) the relocation of the MSF Floor Improvements and Tire Shredder; (iv) funding the Bond Reserve Fund to ensure that the amount on deposit therein after the issuance of the Series 2006 Bonds equals the Bond Reserve Requirement, (v) paying capitalized interest on the 2006 Bonds; and (vi) paying the costs of issuance of the 2006 Bonds. Any of the Bonds that are no longer considered outstanding under the resolution of the Authority authorizing the Bonds shall not be considered outstanding for the purpose of this guarantee.

The ordinance further states that: "The principal amount of the Series 2006 Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

The Series 2006 Solid Waste System Revenue Bonds were part of a refunding in 2015. See item (4) below regarding the 2015 agreement.

**Note 16: COUNTY GUARANTEES (CONT'D)****(1) 2014 Agreement**

On May 29, 2014, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the guarantee ("2014 Guaranty Agreement") of the punctual payment of the principal of and the interest on the County-Guaranteed Lease Revenue Bonds (Board of Social Services/Employment and Training Facilities Project), Series 2014 (the "Series 2014 Bonds") of the Authority to be issued in the aggregate principal amount not exceeding \$18,500,000.00 pursuant to a resolution of the Authority to provide for the financing of (i) the construction of a new facility for the Cumberland County Center for Workforce and Economic Development to be located on property in the City of Vineland currently owned by Cumberland County College; (ii) the acquisition and renovation of an existing facility in the City of Vineland for the Cumberland County Board of Social Services; (iii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate for the completion of the capital improvements described above; (iv) capitalized interest on the Series 2014 Bonds (as hereinafter defined); and (v) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2014 Bonds, including the payment of a municipal bond insurance premium, if any (collectively, the "2014 Project". Any of the Bonds that are no longer considered outstanding under the resolution of the Authority authorizing the Bonds shall not be considered outstanding for the purpose of this guarantee.

The ordinance further states that: "The principal amount of the Series 2014 Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

**(2) 2014 Agreement**

In October 2014, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the initial aggregate principal amount of \$63,890,000.00 (the "Series 2014 Bonds"), to make a loan to the County to finance the purchase of real property and the construction and equipping of a Technical High School. The payment of the principal and the interest on the Series 2014 Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Bonds.

**(3) 2015 Agreement**

In June 2015, the Cumberland County Board of Chosen Freeholders by ordinance, authorized the issuance of refunding bonds by the Cumberland County Improvement Authority and the issuance of a guaranty up to \$17,000,000.00 principal amount by the County for such refunding bonds. The Authority has previously issued its Cumberland County Improvement Authority County Guaranteed Solid Waste System Revenue Bonds, Series 2006 (the "Existing Bonds") under a bond resolution and the County has guaranteed the payment of principal and interest on the Existing Bonds (the "Existing County Guaranty") and the Authority now wishes to authorize the issuance of Additional Bonds in the form of refunding bonds under the Bond Resolution for the purpose of (i) advance refunding all or a portion of the Existing Bonds and (ii) paying the costs associated with the issuance of the Refunding Bonds.



**Note 16: COUNTY GUARANTEES (CONT'D)****(3) 2015 Agreement (Cont'd)**

The ordinance further states that: "The principal amount of the Refunding Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

**(4) 2017 Agreement**

In May 2017, the Authority issued indebtedness in connection with financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the "Series 2017A NJEIT Bonds" and the "Series 2017B NJEIT Bonds"). The Authority's Series 2017A NJEIT Bonds were issued in the principal amount of \$2,510,000.00, with interest rates ranging from 3.00% to 5.00% and serial maturities ranging from \$90,000.00 in 2018 to \$175,000.00 in 2036. The Series 2017B NJEIT Bonds were issued in the principal amount of \$7,648,515.00 at zero interest with an initial principal payment of \$259,272.00 in 2017 and annual principal payments in the amount of \$388,908.00 from 2018 through 2036. As of December 31, 2017, \$2,510,000.00 principal amount of the Series 2017A NJEIT Bonds remained outstanding and \$7,389,243.00 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

**Non-Guaranteed CCIA Debt**

On September 2, 2009, the Cumberland County Freeholder Board consented to the Cumberland County Improvement Authority undertaking the Project and issuing the Loan Unit Program Bonds, Series 2009 in an amount not to exceed \$60,000,000.00 for (i) purchase of general obligation bonds of the City of Vineland which were previously authorized to finance the costs of the acquisition and installation of a new simple cycle turbine generator at the Howard M. Down Generating Station and (ii) the financing of the Project through the issuance of the Authority's Local Unit Program Bonds (Vineland Municipal Electric Utility Project), Series 2009, in the aggregate principal amount not to exceed \$60,000,000.00 (the "Local Unit Program Bonds, Series 2009").

The amounts outstanding under the Series 2009 Local Unit Program Bonds in the amount of \$58,000,000.00 are not covered under the County Guaranty.

**Note 17: FARMLAND PRESERVATION TRUST**

The Board of Chosen Freeholders authorized the Farmland and Open Space Preservation Trust Fund referendum on the November, 1994 ballot. With a 58% majority, voters authorized the dedication of one cent of the County tax rate for Farmland and Open Space Preservation. The revenue is to be used for the acquisition of lands and interests in lands for conservation of farmland or open space. In proposing the issue, the Freeholders earmarked the first three to five years of revenue exclusively for farmland preservation. Future changes to the tax rate or levy must be authorized by referendum. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purpose stated. Interest earned on the investment of these funds is credited to the Farmland Preservation Trust Fund. As of December 31, 2017, the Reserve for Farmland Preservation had a balance of \$583,663.31.

**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 County expects such amount, if any, to be immaterial.

**Litigation** - The County is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the County, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements. The County has procured insurance coverage covering all pending claims which is deemed to be adequate to meet any contingent liabilities arising from pending litigation or claims.

**Note 19: CONCENTRATIONS**

The County 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 County 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: TAX ABATEMENTS**

Municipalities within the County are authorized to enter into property tax abatement agreements for commercial and industrial structures under N.J.S.A. 40A:21-1 (Chapter 441, P.L. 1991) known as the "Five Year Exemption and Abatement Law". Under this law, municipalities may grant property tax abatements for a period of five years from the date of completion of construction for the purpose of encouraging the construction of new commercial and industrial structures. The first calendar year following completion, 0 percent of taxes are due, and each subsequent calendar the percentage of taxes due increases by 20 percent. During the 6th calendar year, 100 percent of taxes are assessed and due. The property owner agrees that the payment in lieu of taxes shall be made to the municipality in quarterly installments on those dates when real estate tax payments are due. Failure to make timely payments shall result in interest being assessed at the highest rate permitted for unpaid taxes and a real property tax lien on the land. The County receives 100% of its tax levy from each of the municipalities within the County and does not have any reduction in revenue as a result of these tax abatement programs.

The 2017 Equalization Tables for Cumberland County indicated 6 of 14 municipalities abated property taxes under this program. The total assessed value for properties participating in this program was \$80,957,000.00 and the total assessed value abated was \$50,203,500.00.

**Note 21: RESTATEMENT OF GENERAL FIXED ASSETS ACCOUNT GROUP**

Because of a correction of an error related to vehicle inventory, the general fixed assets account group as of December 31, 2016 has been restated.

The cumulative effect on the financial statements as reported for December 31, 2016 is as follows:

	<b>Balance</b>	<b>Prior Period</b>	<b>(Restated)</b>
	<b><u>Dec. 31, 2016</u></b>	<b><u>Adjustment</u></b>	<b><u>Balance</u></b>
			<b><u>Dec. 31, 2016</u></b>
General Fixed Assets:			
Building	\$ 52,318,461.17		\$ 52,318,461.17
Land	2,976,255.22		2,976,255.22
Equipment	7,197,188.21		7,197,188.21
Vehicle (Truck/Heavy Equipment)	9,952,995.01		9,952,995.01
Computers	2,130,447.33		2,130,447.33
Vehicles	4,379,792.55	\$ (1,891,976.10)	2,487,816.45
Work In Progress	4,393,726.40		4,393,726.40
Total General Fixed Assets	\$ 83,348,865.89	\$ (1,891,976.10)	\$ 81,456,889.79

**Note 22: SUBSEQUENT EVENTS**

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

<b><u>Purpose</u></b>	<b><u>Adoption</u></b>	<b><u>Authorization</u></b>
Construction of an addition to the Vocational Technical High School of Cumberland County	07/24/18	\$ 26,200,000.00

**County Guaranty of Debt** - On July 24, 2018 the County introduced Ordinance 2018-4 authorizing the guaranty by the County of Cumberland, State of New Jersey, of County Guaranteed Lease Revenue Bonds, Series 2018, to be issued by the Cumberland County Improvement Authority in an aggregate principal amount not to exceed \$65,000,000.00 in bonds issued for the purpose of financing the construction of a new county correctional facility.

**APPENDIX C**  
**Forms of Bond Resolution and Loan Agreement**



# THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY

	Yes	No	Abstain	Absent
JONES	X			
OLIVIO	X			
KELLY	X			
LOPEZ			X	
NEDOHON	X			

Resolution Number: 2018- 256  
Dated: October 24, 2018  
Offered By: Mr. Kelly  
Seconded By: Mr. Nedohon

## RESOLUTION OF THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REVENUE BONDS (TECHNICAL HIGH SCHOOL PROJECT)

WHEREAS, The Cumberland 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 Cumberland ("County") adopted on December 30, 1980, 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 (as hereinafter defined) 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 capital improvement project consisting of: (i) the development and construction of new educational facilities, including classrooms, offices and administrative space for the Technical School ("Facility"); (ii) the acquisition of certain real property in the County on which the Facility will be constructed; (iii) the costs of equipping of the Facility; (iv) all other costs and expenses necessary for or related to the development, construction and equipping of the Facility;

(v) capitalized interest on the Series 2018 Bonds (as hereinafter defined), if any; and (vi) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2018 Bonds, including the payment of a municipal bond insurance premium, if any, all as more particularly described in Exhibit H to the Loan Agreement, as each may be amended, supplemented and restated from time to time (collectively, the "2018 Project"); and

WHEREAS, all actions necessary and required under the Act for the approval of the 2018 Project, including, without limitation, obtaining the consent of the County to undertake the financing and the issuance by the County on the Issue Date (as hereinafter defined) of a County Bond (as hereinafter defined) to the Authority pursuant to the County Bond Ordinance (as hereinafter defined) evidencing the Loan (as hereinafter defined) and the review of and consent to such financing and issuance of the County Bond 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 or concurrently with the issuance of the Series 2018 Bonds; and

WHEREAS, the Authority will, pursuant to the Act, provide for the financing of the Costs (as hereinafter defined) of the 2018 Project by the issuance of the Series 2018 Bonds and the lending of the proceeds thereof ("Loan") to the County and the Technical School (as hereinafter defined) 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 County, on behalf of the Technical School, is required to make the Loan Payments (as hereinafter defined) to the Authority on each Loan Payment Date (as hereinafter defined) in an amount equal to the debt service on the Series 2018 Bonds due on the immediately succeeding Interest Payment Date (as hereinafter defined) and/or Principal Installment Date (as hereinafter defined), as the case may be; and

WHEREAS, the County's Loan Payments will be made pursuant to and secured by the County Bonds; and

WHEREAS, the County Bonds shall be secured by the full faith and credit of the County, the payment of the principal of and interest on which the County shall be obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable property within the jurisdiction of the County without limitation as to value or amount; and

WHEREAS, pursuant to a letter dated September 27, 2018, from the New Jersey Department of Education, a portion of the County Bonds, in an amount not-to-exceed 71.52009% of the final eligible costs of the 2018 Project, as determined by the New Jersey Department of Education (not-to-exceed \$26,207,881), will be provided to the County by the State pursuant to the Educational Facilities Construction and Financing Act (*N.J.S.A. 18A:7G-1 et seq.*) ("Educational Facilities Construction and Financing Act"), subject to annual appropriation by the State; and

WHEREAS, the County: (i) has previously authorized the performance of its obligations under the County Bonds through the adoption of the County Bond Ordinance (as

-2-

hereinafter defined); and (ii) will authorize (a) the undertaking of the 2018 Project, and (b) 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 County Authorizing Resolution (as hereinafter defined).

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

## 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.

**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 Loan Payments** shall mean amounts payable by the County to the Authority under 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, the County Bonds, and the Loan Agreement, including reasonable attorneys' fees related hereto and thereto.

**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, the County Bonds, and the Loan Agreement, as applicable, including, but not limited to: (i) the Initial Authority Financing Fee; (ii) the Authority's construction monitoring fee set forth in the Award Certificate for the Bonds; (iii) the Annual Authority Administrative Fee; (iv) 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 2018 Project or the compelling of the full and punctual performance of this Bond Resolution, the County Bonds, and the Loan Agreement in accordance with the terms hereof and thereof; (v) all fees and expenses including, but not



limited to, indemnification expenses, if any, of counsel, auditors, insurers, Fiduciaries (as hereinafter defined), and others; and (vi) any fees and expenses including, but not limited to, indemnification expenses, if any, incurred by the Paying Agent, the Bond Registrar, or the Trustee (each as hereinafter defined) or any or all Fiduciaries in connection with the performance of their respective fiduciary responsibilities under this Bond Resolution, the County Bonds, 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 County.

**Authorized Authority Representative** shall mean the Chairman, Vice-Chairman, President/Chief Executive Officer and 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 County Representative** shall mean any Person or Persons authorized to act on behalf of the County as shall be set forth in a written certificate signed on behalf of the County by the Director or Deputy Director of the Board of Chosen Freeholders, which form of certificate is set forth as Exhibit D to the Loan Agreement annexed thereto and incorporated by reference therein.

**Authorized Technical School Representative** shall mean the President, Vice-President, Secretary or Treasurer of The Cumberland County Board of Vocational Education, or any other Person or Persons who shall be authorized to act on behalf of the Technical School by virtue of a resolution adopted by The Cumberland County Board of Vocational Education in connection with the issuance of the Series 2018 Bonds, which resolution shall set forth such authorization.

**Authorized Denominations** shall mean with respect to any Series of Bonds, \$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 each certificate of an Authorized Authority Representative executed and delivered to the Trustee in accordance with the Delegation Resolution in connection with each Series of Bonds.

**Bond** or **Bonds** shall mean the Series 2018 Bonds issued at one or more times pursuant to Sections 201, 202 and 203 of this Bond Resolution to provide funds to finance the 2018 Project, together with any 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.

-5-

**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 October 24, 2018 entitled "Resolution of The Cumberland County Improvement Authority Authorizing the Issuance of General Obligation Revenue Bonds (Technical High School Project)," 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 President/Chief Executive Officer of the Authority in connection with the issuance of the Series 2018 Bonds.

**Bond Year** shall mean, with respect to the Series 2018 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 2018 Bonds or the date that is five (5) years after the Issue Date in the case of the Series 2018 Bonds, Bond Years shall end on each anniversary of the Issue Date and on the final maturity date of the Series 2018 Bonds. For each Series of Refunding Bonds, Bond Year shall be designated in the Supplemental Resolution pursuant to which such Series of Refunding 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 County or the Authority is legally authorized to close.

**Cede** shall have the meaning set forth in Section 204(1) 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 Technical School and approved by the County, wherein, with respect to the 2018 Project, the Technical School certifies as to such matters as the Authority and the County shall require, and which certificate further satisfies the requirements of Section 503(4) hereof.

**Completion Date** shall mean the date of completion of the 2018 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 2018 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 construction, acquisition, improvement,

-6-

installation and financing of such 2018 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 2018 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 and consulting fees of the Authority and the County, the Initial Authority Financing Fee for a particular Series of Bonds, 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 County, the Technical School 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 2018 Project including, but not limited to, the cost of insurance; (iii) any sums required to reimburse the County or the Technical School 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 2018 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 2018 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, the County or the Technical School for any of the above-mentioned items or in connection with the administration and enforcement of the County Bond, the Continuing Disclosure Agreement and the Loan Agreement.

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

**County Authorizing Resolution** shall mean (i) the resolution of the County adopted pursuant to the provisions of *N.J.S.A. 40A:2-27(a)(2)* on October 23, 2018 in connection with the issuance of the County Bonds and the Series 2018 Bonds and entitled, "BOND ORDINANCE PROVIDING FOR THE CONSTRUCTION OF AN ADDITION TO THE VOCATIONAL TECHNICAL HIGH SCHOOL OF CUMBERLAND COUNTY; APPROPRIATING \$26,200,000 AND AUTHORIZING THE ISSUANCE OF \$26,200,000 BONDS OR NOTES OF THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY; THE PRINCIPAL AND INTEREST WILL BE ENTITLED TO STATE AID, PURSUANT TO PROJECT #11-0995-030-18-1000 OF THE NEW JERSEY DEPARTMENT OF EDUCATION"; and (ii) any other resolution adopted by the County in connection with the issuance of any Series of Refunding Bonds.

**County Bonds** shall mean: (i) the COUNTY OF CUMBERLAND, NEW JERSEY GENERAL OBLIGATION BONDS (TECHNICAL HIGH SCHOOL PROJECT), SERIES 2018, issued pursuant to the Local Bond Law and the County Bond Ordinance, and delivered by the County to the Authority to evidence the County's obligations to pay the Loan Payments and all other amounts due and owing by the County under the Loan Agreement with respect to the issuance of the Series 2018 Bonds; and (ii) any general obligation refunding bond of the County issued pursuant to the Local Bond Law and the County Bond Ordinance (as described in clause (i) of the definition thereof contained in this Bond Resolution), and delivered

-7-

by the County to the Authority to evidence the County's obligations to pay the Loan Payments and all other amounts due and owing by the County under the Loan Agreement, as amended, with respect to the issuance of any Series of Refunding Bonds pursuant to which the power and obligation of the County to make such payments shall be unlimited and for the payment of which the County shall, if necessary, levy *ad valorem* taxes upon all the taxable property within the jurisdiction of the County without limitation as to rate or amount.

**County Bond Ordinance** shall mean: (i) the bond ordinance of the County adopted pursuant to the provisions of the Local Bond Law on October 23, 2018 in connection with the issuance of the Series 2018 Bonds and entitled, "BOND ORDINANCE PROVIDING FOR THE CONSTRUCTION OF AN ADDITION TO THE VOCATIONAL TECHNICAL HIGH SCHOOL OF CUMBERLAND COUNTY; APPROPRIATING \$26,200,000 AND AUTHORIZING THE ISSUANCE OF \$26,200,000 BONDS OR NOTES OF THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY; THE PRINCIPAL AND INTEREST WILL BE ENTITLED TO STATE AID, PURSUANT TO PROJECT #11-0995-030-18-1000 OF THE NEW JERSEY DEPARTMENT OF EDUCATION" as same may be amended, supplemented and restated from time to time in accordance with the Local Bond Law and (ii) any refunding bond ordinance duly adopted by the County pursuant to the provisions of the Local Bond Law in connection with the issuance of any Series of Refunding Bonds.

**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 2018 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 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

-8-



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 October 24, 2018 authorizing, *inter alia*, the execution and delivery of the Loan Agreement, the Award Certificate or Award Certificates and a bond purchase contract or bond purchase contracts with the Underwriter in the event the Series 2018 Bonds are sold through negotiated sale at one or more times, 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.

**Educational Facilities Construction and Financing Act** shall mean Chapter 12 of 1971 of the Laws of New Jersey, as amended (*N.J.S.A. 18A:7G-1 et seq.*).

**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 County 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 Tax-Exempt Obligations 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 County 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.

-9-

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.

-11-

**Initial Authority Financing Fee** shall mean, with respect to: (i) the Series 2018 Bonds, an amount equal to 0.50% of the aggregate principal amount of the Series 2018 Bonds, as set forth in the Award Certificate executed by an Authorized Authority Representative in connection with the sale and award of the Series 2018 Bonds; and (ii) any Series of 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 Refunding Bonds.

**Insurer** shall mean the municipal bond insurance company specified in the Award Certificate which has issued a municipal bond insurance policy with respect to the Series 2018 Bonds, if any.

**Interest Payment Date** shall mean: (i) with respect to the Series 2018 Bonds, each March 1 and September 1, commencing March 1, 2015, or such other date or dates as provided for in the Award Certificate for a particular Series of the Series 2018 Bonds, and (ii) such other dates as shall be established by a Supplemental Resolution authorizing a Series of 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 this 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(j)* 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.

-10-

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;

-12-



(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, with respect to: (i) the Series 2018 Bonds, the date or dates specified in the Award Certificate executed and delivered by the Authority in connection with the sale of the Series 2018 Bonds; and (ii) any Series of Refunding Bonds, the date on which the Trustee authenticates the Series of Refunding Bonds and on which such Series of Refunding Bonds are delivered to the purchasers thereof upon original issuance.

**Loan** shall mean the loan made by the Authority to the County for the benefit of the Technical School in the aggregate principal amount not-to-exceed \$26,200,000 (which amount shall be specified in the Award Certificate or Award Certificates relating to the Series 2018 Bonds and the Loan Agreement) to finance the Costs of the 2018 Project under the terms and conditions set forth in the Loan Agreement.

**Loan Agreement** shall mean the Loan and Security Agreement, by and among the Authority, the County and the Technical School, together with any supplements and amendments thereto, relating to the 2018 Project to be financed with the proceeds of the Loan and any Refunding Bonds, if any.

**Loan Documents** shall mean, collectively, the County Bond Ordinance, County Bond Resolution, the Technical School Resolution, the County Bonds, the Loan Agreement, the

-13-

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 Payment** shall mean the sum of money representing principal and interest for the 2018 Project necessary to amortize Debt Service on the Series 2018 Bonds payable by the County pursuant to the County Bonds 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 2018 Bonds pursuant to Article IV of this Bond Resolution and, as applicable, Additional Loan Payments payable by the County and/or the Technical School upon demand pursuant to Sections 5.02(a) and (b) of the Loan Agreement, respectively. The obligations of the County under the County Bonds shall be deemed to be amounts payable under Article V of the Loan Agreement. Each Loan Payment shall be deemed to be a credit against the corresponding obligation of the County under Article V of the Loan Agreement and shall fulfill the County's obligation to pay such amount or amounts under the Loan Agreement and under the County Bonds.

**Loan Payment Date** shall mean: (i) with respect to the Series 2018 Bonds, ten (10) 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 a Series of Refunding 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.

**Local Bond Law** means the "Local Bond Law," constituting Chapter 169 of the Pamphlet Laws of 1960 of the State (codified at *N.J.S.A. 40A:2-1 et seq.*), as the same may from time to time be amended and supplemented.

**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 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

-14-

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 and its successor or successors appointed in the manner provided in this Bond Resolution. Initially, the Paying Agent shall be U.S. Bank National Association.

**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 (1) the Revenues, (2) the Funds and Accounts established hereunder (other than the Rebate Fund), including Investment Securities held in any such Funds or Accounts, and (3) 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 5.05 of the Loan Agreement.

**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 2018 Bonds, each September 1, commencing September 1, 2015, or such other date or dates as provided for in the Award Certificate for a particular Series of the Series 2018 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 a Series of Refunding 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 2018 Project remaining

-15-

after payment therefrom of all expenses incurred in the collection thereof; and, with respect to insurance, if and at such time as the County elects to provide self-insurance under Section 7.05 of the Loan Agreement, any moneys payable from any self-insurance fund of the County 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 2018 Bonds, the fifteenth (15<sup>th</sup>) day of the calendar month next preceding any Interest Payment Date, or such other date or dates as provided for in the Award Certificate for a particular Series of the Series 2018 Bonds, or (ii) such other dates as set forth in a Supplemental Resolution authorizing a Series of Refunding 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 205 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 County under the Loan Agreement and secured by the County Bonds; (ii) any moneys or securities held pursuant to this Bond Resolution and paid or required to be paid into the Debt Service Fund; (iii) payments made by the County pursuant to the County Bonds (which shall secure the Series 2018 Bonds and any Series of Refunding Bonds for which the County has adopted or shall adopt a County Bond Ordinance) and pursuant to Sections 508 and 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.

-16-



**Series** shall mean all of the Bonds authenticated and delivered upon original issuance at one or more times and 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 2018 Bonds** shall mean all of the Series of Bonds so designated, authenticated and delivered to the Underwriter upon original issuance pursuant to Section 203 hereof which are designated General Obligation Revenue Bonds (Technical High School Project), Series 2018 issued in one or more Series and at one or more times in the not-to-exceed aggregate principal amount of \$26,200,000 to finance the Costs of the 2018 Project.

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

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

**Tax-Exempt Obligations** shall mean any Series of Bonds which are issued pursuant to the terms of this Bond Resolution together with an opinion of Bond Counsel to the effect that the interest on such Bonds is not includable in gross income for Federal income tax purposes pursuant to the provisions of the Code.

**Technical School Resolution** shall mean: (i) the resolution of the Technical School to be adopted pursuant to the provisions of N.J.S.A. 18A:54-31 in connection with the issuance of the Series 2018 Bonds and entitled, "RESOLUTION OF THE CUMBERLAND COUNTY BOARD OF VOCATIONAL EDUCATION AUTHORIZING AND CONSENTING TO THE COMPLETION OF DESIGN AND CONSTRUCTION OF A NEW EDUCATIONAL FACILITY; CONSENTING TO THE ISSUANCE OF GENERAL OBLIGATION REVENUE BONDS (TECHNICAL SCHOOL PROJECT), SERIES 2018 IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$26,200,000 BY THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY TO PROVIDE FINANCING FOR SAID CAPITAL IMPROVEMENT PROJECT; APPROVING THE ENTERING INTO, EXECUTION AND DELIVERY OF A LOAN AND SECURITY AGREEMENT BY AND AMONG THE AUTHORITY, THE COUNTY OF CUMBERLAND, NEW JERSEY, AND THE TECHNICAL SCHOOL AND AUTHORIZING OTHER NECESSARY ACTION IN

-17-

CONNECTION WITH SAID FINANCING"; and (ii) any other resolution adopted by the Technical School in connection with the issuance of any Series of Refunding Bonds.

**Technical School** shall mean The Cumberland County Technical Education Center, organized and existing as a public body corporate and politic organized pursuant to the provisions of N.J.S.A. 18A:54-1 *et seq.*

**Trustee** shall mean, with respect to the Series 2018 Bonds and any Series of Refunding Bonds issued hereunder, U.S. Bank National Association, Morristown, 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.

**2018 Project** shall mean the financing of the costs of: (i) the development and construction of an approximately 200,000 square foot educational facility including classrooms, offices and administrative space for the Technical School ("Facility"); (ii) the acquisition of certain real property in the County on which the Facility will be constructed; (iii) the costs of equipping of the Facility; (iv) all other costs and expenses necessary for or related to the development, construction and equipping of the Facility; (v) capitalized interest on the Series 2018 Bonds, if any; and (vi) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2018 Bonds, including the payment of a municipal bond insurance premium, if any, all as more particularly described in Exhibit H to the Loan Agreement, as each may be amended, supplemented and restated from time to time.

**Underwriter** shall mean either: (i) the underwriter named in the purchase contract between the Authority and the Underwriter and the Award Certificate, each dated the date of the negotiated sale of the Series 2018 Bonds; or (ii) in the case of a competitive sale of the Series 2018 Bonds, the underwriting firm selected by the Authority in accordance with the terms of the Notice of Sale (as defined in the Delegation Resolution) for the Series 2018 Bonds and evidenced by the execution of the Award Certificate.

**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.

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

-18-

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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-19-

## 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 Bonds of the Authority (in one or more Series, issued at one or more times as Tax-Exempt Obligations) to be designated as "General Obligation Revenue Bonds (Technical High School Project)." The Bonds shall be direct, limited 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.

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 "General Obligation Revenue Bonds (Technical High School Project)," shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Authority 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 and 205 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 and 205 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 and the County Bonds, the County, 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 and the County Bonds, the County, 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 and the County Bonds, the County.

**Section 202. General Provisions for Issuance of Bonds.** 1. All of the Bonds of each Series, including the Series 2018 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:

-20-



- (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, *inter alia*, that, 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 Bonds signed by an Authorized Authority Representative, which order shall: (i) direct the application of the proceeds of such Bonds; and (ii) set forth the maturity schedule for the 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, in the event the Series 2018 Bonds are sold through negotiated sale, 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 County Authorizing Resolution authorizing the sale of the County Bonds to the Authority and the authorization, execution and delivery of the Loan Agreement and the Continuing Disclosure Agreement along with duly certified copies of the authorization proceedings related thereto;
- (f) A certified copy of the County Bond Ordinance authorizing the issuance of the County Bonds, along with certified copies of the authorization proceedings (including a copy of the filed Supplemental Debt Statement) related thereto;

-21-

- (g) In the event the Series 2018 Bonds are sold through negotiated sale, a fully executed copy of the purchase contract for such Series of Bonds executed by the Authority and the Underwriter thereof;
- (h) A certified copy of the resolution of the governing body of the Technical School authorizing the financing of the 2018 Project by the County on behalf of and for the benefit of the Technical School and the execution and delivery of the Loan Agreement;
- (i) An executed copy of Form 8038-G as required by Section 149(e) of the Code with respect to the Tax-Exempt Obligations;
- (j) Except in the case of the Series 2018 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;
- (k) For any Series of Refunding Bonds, prior to the authentication and delivery of such Series of Refunding Bonds, provision shall have been made for the issuance by the County of a refunding County Bond, delivered to the Authority to evidence the County's obligations to pay the Loan Payments and all other amounts due and owing by the County under the Loan Agreement with respect to said Series of Refunding Bonds pursuant to which the power and obligation of the County to make such payments shall be unlimited and for the payment of which the County shall, if necessary, levy *ad valorem* taxes upon all the taxable property within the jurisdiction of the County without limitation as to rate or amount. Any payments which are made by the County pursuant to such refunding County Bond shall be made to the Trustee and shall thereafter be deposited by the Trustee in the Debt Service Fund in accordance with the terms of Section 508(2) hereof;
- (l) An opinion of County Counsel and/or County Bond Counsel (dated the date the Bonds are initially issued) to the effect that: (i) the County has the right and power under the Act to adopt the County Bond Ordinance and the County Authorizing Resolution and the County Bond Ordinance and the County Authorizing Resolution have each been duly and lawfully adopted by the County, are in full force and effect on the Issue Date and are valid and binding upon the County and enforceable in accordance with its respective terms and no other authorization for the County Bond Ordinance and the County Authorizing Resolution is required; (ii) the County Bonds and the Loan Agreement have each been duly and validly authorized by the County and duly executed, attested and delivered by Authorized County Representatives in accordance with applicable law, including the Local Bond Law, and the County Bonds have been duly sold by the County to the Authority and duly issued by the County; (iii) the County has the full right, power and authority under the Act and the County Authorizing Resolution to authorize, enter into, execute and deliver the

-22-

Loan Agreement and to perform its obligations thereunder; and (iv) the County Bonds constitute legal, valid and binding general obligations of the County, enforceable against the County in accordance with their terms and payments thereunder are payable out of the first funds becoming legally available to the County for such purpose and if such funds are not available, the County has the power and is obligated to levy *ad valorem* taxes upon all the taxable property located within the jurisdiction of the County for the purpose of making payments under the County Bonds, without limitation as to rate or amount, provided that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws and equitable principles affecting creditors' rights generally and that no opinion is being rendered as to the availability of any particular remedy;

- (m) The original County Bonds; and
- (n) Such further documents, moneys and securities as are required by the provisions of Sections 203, 205 or 703 or Article XI or any Supplemental Resolution adopted pursuant to Article XI hereof.

2. All of the Bonds of each Series shall be identical in all respects, except as to denominations, maturity date, 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 2018 Bonds.** 1. The Series 2018 Bonds shall be issued, authenticated and delivered to finance the Costs of acquisition, construction, equipping and furnishing of the 2018 Project for the County.

2. Pursuant to the provisions of this Bond Resolution, the Series 2018 Bonds are entitled to the benefit, protection and security of the provisions hereof and are hereby authorized to be issued in one or more Series and at one or more times in an aggregate principal amount not-to-exceed \$26,200,000. The Series 2018 Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title "General Obligation Revenue Bonds (Technical High School Project), Series 2018."

3. The Series 2018 Bonds shall be issued to: (i) finance the Costs of the 2018 Project; (ii) make the required deposit, if any, into the Debt Service Fund; (iii) pay capitalized interest on the Series 2018 Bonds; and (iv) pay costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2018 Bonds.

4. The Series 2018 Bonds shall be dated, shall mature and shall be subject to redemption on the dates, at the Redemption Prices and in the 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

-23-

2018 Bonds shall be as set forth in the Award Certificate executed and delivered to the Trustee in accordance with the Delegation Resolution.

5. The Series 2018 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 2018 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 2018 Bonds and the Trustee's certificate of authentication shall be substantially in the form set forth in Sections 1401 and 1402, respectively, hereof.

6. The principal or Redemption Price of the Series 2018 Bonds shall be payable, upon presentation and surrender thereof, at the principal corporate trust office of U.S. Bank National Association, Morristown, New Jersey, as Paying Agent for the Series 2018 Bonds. The principal or Redemption Price of all Series 2018 Bonds shall also be payable on any 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 2018 Bonds shall be payable by check of the Trustee, mailed or transmitted, on each 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 Bond Registrar; provided, however, that a Registered Owner of \$1,000,000 or more in principal amount of Series 2018 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.

7. The Series 2018 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 relating thereto.

8. The proceeds of the Loan 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 capitalized interest, if any, accrued on the Loan 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 proceeds of the Loan shall be deposited into the 2018 Account in the Acquisition Fund, which Fund is created and established pursuant to Section 502(1) hereof.

**Section 204. Book-Entry System.** 1. With respect to the Series 2018 Bonds and each Series of Refunding Bonds for which the authorizing resolution so provides, except as provided in subsection (3) 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 by wire transfer of same day funds to the

-24-



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.

2. 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.

3. (a) 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.

- (b) 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

-25-

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.

- (c) Upon the termination of the services of DTC with respect to all or any portion of such Bonds pursuant to subsection (3)(b)(i) or (3)(b)(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 (3)(a) or subsection (3)(b)(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 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.

4. 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.

5. In connection with any notice or other communication to be provided to Bondholders 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. 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 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 205 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 205, 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 County consenting to the issuance of such Series of Refunding Bonds and authorizing and

-26-

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 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 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 the 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 those Bonds, if any, to be redeemed or the principal amount of those Bonds, if any, to be paid at maturity, together with accrued interest on such Bonds 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 as to being in full force and effect by an Authorized Authority Representative and an Authorized County Representative; and
- (f) a certified copy of the County Bond Ordinance authorizing the issuance by the County of a refunding County Bond pursuant to the Local Bond Law to secure the County's obligations to pay the Loan Payments for such Series of Refunding Bonds and all other amounts due and owing by the County under the amended Loan Agreement pursuant to which the power and obligation of the County to pay such amounts shall be unlimited and for the payment of which the County shall, if necessary, levy *ad valorem* taxes upon all the taxable property within the jurisdiction of the County without limitation as to rate or amount, along with duly certified copies of the authorization proceedings related thereto.

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.

-27-

4. Upon the defeasance of the Bonds being refunded, the refunded Bonds shall no longer be entitled to the benefit of the County Bonds for the refunded Bonds and such County Bonds shall be released, extinguished and returned to the County for cancellation on the records of the County.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-28-



### 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 2018 Bonds upon original issuance shall be dated as provided in this Bond Resolution. Refunding 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 respective addresses on file with the Bond Registrar. After original issuance, all Bonds exchanged or transferred shall bear an authentication date that shall be the date on which such Bonds are authenticated. Interest on Bonds shall accrue from the Interest Payment Date to which interest has been paid next preceding the authentication date unless: (a) 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 (b) the date of authentication is prior to the first Interest Payment Date, in which event such Bonds shall bear interest from the original 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.

-29-

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: (a) 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 (b) 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.

-31-

**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 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.

-30-

**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 or as shall be provided in a Supplemental Resolution authorizing any additional 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-32-



#### 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 2018 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 County to effectuate a redemption of any Series of Bonds shall be received by the Authority prior to the redemption of a particular Series of Bonds, except for the redemption of Bonds pursuant to mandatory sinking fund redemption. A copy of such written consent of the County 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 County, 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 County, the Authority shall give written notice to the Trustee of the election or direction of the County 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 County, 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 provided in Section 405, 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 County, 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.

-33-

date interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable.

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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-35-

**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 County 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 County 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 *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.

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

-34-

#### 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 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 and the County Bonds, the County, 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 and the County Bonds, the County, 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 and the County Bonds, the County. 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 and the County Bonds, the County, is obligated to pay the principal of and interest on the Bonds issued in anticipation thereof 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 and the County Bonds, the County, 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 and the County Bonds, 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 County under the Loan Agreement (except for Additional Loan Payments) and the County Bonds, to the Trustee for the benefit of the Bondholders and covenants and directs the County pursuant to the Loan Agreement and the County Bonds to pay all such amounts (except for Additional Loan Payments) directly to the Trustee. The Authority further covenants that all moneys paid by the County pursuant to the County Bonds shall be paid directly to the Trustee for deposit in accordance with Section 506 hereof.

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.

-36-



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

- (1) Acquisition Fund, including an Account established therein for the Series 2018 Bonds and the 2018 Project, to be held by the Trustee, on behalf of the Authority;
- (2) Revenue Fund, including Accounts established therein for the Series 2018 Bonds and any Series of Refunding Bonds, to be held by the Trustee, on behalf of the Authority;
- (3) Operating Fund, including Accounts established therein for the Series 2018 Bonds and any Series of Refunding Bonds, to be held by the Trustee, on behalf of the Authority;
- (4) Proceeds Fund, including an Account established therein for the Series 2018 Bonds and the 2018 Project, to be held by the Trustee;
- (5) Debt Service Fund, including Accounts established therein for the Series 2018 Bonds and any Series of Refunding Bonds, to be held by the Trustee;
- (6) Debt Retirement Fund, including Accounts established therein for the Series 2018 Bonds and any Series of Refunding Bonds, to be held by the Trustee; and
- (7) Rebate Fund, including Accounts established therein for the Series 2018 Bonds and any 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 2018 Bonds and the 2018 Project.

2. There shall be paid into such Account: (i) the amounts required to be so paid by the provisions of this Bond Resolution, including any proceeds from the Loan in accordance with Section 203(8)(c) hereof; (ii) any Proceeds received with respect to the 2018 Project pursuant to Sections 7.06 and 7.07 of the Loan Agreement; (iii) amounts received from the County pursuant to Section 4.11 of the Loan Agreement and subsection 6 of this Section 503; (iv) amounts received from the County from the conveyance or exchange of facilities and/or equipment previously acquired with the proceeds of the Loan 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 County, any moneys received by the Authority or the County for or in connection with the 2018 Project from any other source, unless required to be otherwise applied in accordance with this Bond Resolution. All amounts in the 2018 Account in the Acquisition Fund shall be applied in the following order and priority: (i) to pay the Costs of the 2018 Project or to reimburse the County, on behalf of the Technical School, or the Technical School for any Costs of the 2018

-37-

(iii) the Cost of all labor, services, materials and supplies used in the 2018 Project have been paid or will be paid from amounts retained by the Trustee at the Authority's and County's direction for any Cost of the 2018 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 2018 Project or any portion thereof, not then due and payable or, if due and payable, not yet paid; (iv) the 2018 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 2018 Project have been obtained and are in effect. Upon the filing of such Completion Certificate, the balance in the 2018 Account in the Acquisition Fund in excess of the amount stated in item (iii) of the Completion Certificate described above, if any, shall be transferred by the Trustee for deposit at the written direction of an Authorized County Representative (a copy of which Completion Certificate shall also be provided by the County to the Authority), in either: (i) the 2018 Account in the Debt Retirement Fund for application to the retirement of Series 2018 Bonds by purchase or redemption; or (ii) the 2018 Account in 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 2018 Project are no longer so required, such fact shall be evidenced by a certificate or certificates signed by an Authorized County Representative delivered and filed with the Trustee and the Authority stating such notice 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 2018 Project or its surety due and owing to the County and/or the Technical School pursuant to Section 4.10 of the Loan Agreement shall be paid to the Trustee for deposit in the 2018 Account in the Acquisition Fund (in accordance with written instructions from the Authority as directed in writing by the County and the Technical School) to complete the 2018 Project. Any such moneys not necessary to complete the 2018 Project or not so applied, as stated in a certificate executed by an Authorized County Representative, Authorized Technical School Representative and Authorized Authority Representative delivered to the Trustee, shall be transferred by the Trustee to the 2018 Account in the Proceeds Fund and applied as a credit toward the County's Loan Payment obligations on the next succeeding Loan Payment Date, in accordance with Section 507(2) and (3) hereof.

6. (a) In the event the Cost of the 2018 Project shall exceed the amount available to the County and the Technical School from the proceeds of the Loan, pursuant to Section 4.11 of the Loan Agreement, the County and/or the Technical School 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 2018 Project in excess of the amount available to the County and the Technical School from the proceeds of the Loan out of funds legally available therefor. Payment of such additional amounts shall be made by the County and/or the Technical School 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 County and/or the Technical School to the Trustee for deposit in the 2018 Account 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.

-39-

Project paid by either, in accordance with reimbursement resolutions adopted by the County and the Technical School, respectively; and (ii) to the extent not otherwise utilized, moneys in the 2018 Account in the Acquisition Fund shall be transferred to the 2018 Account in 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 2018 Account in the Acquisition Fund for the Costs of the 2018 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 County or the Authority 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 Authority Representative or an Authorized County Representative and approved by an Authorized Technical School Representative, stating in respect of each payment to be made: (i) the requisition number; (ii) that such payment is to be made from the 2018 Account in 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 Authority or the County for a reimbursable advance, the name and address of the Person to whom such advance was made together with proof of payment by the Authority or the County; (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 the County; (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 2018 Project, is unpaid or unreimbursed, and is a proper charge against the 2018 Account in 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; (viii) if such payment is a reimbursement to the Authority or the County for Costs or expenses incurred by reason of work performed or supervised by officers or employees of the Authority or the County, that the amount to be paid does not exceed the actual cost thereof to the Authority or the County; (ix) that no unsecured Event of Default has occurred under the Loan Agreement (as defined under Section 8.01 thereof) or under this Bond Resolution and everything required to be performed by the County and/or the Technical School has been performed; (x) the Authority, the County or the Technical School 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 and discharged or will be released and 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 Investment 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 2018 Project by the County and the Technical School shall be evidenced by a certificate or certificates signed by an Authorized County Representative and approved by an Authorized Technical School 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 2018 Project is complete or has been substantially completed; (ii) the date of completion of the 2018 Project;

-38-

(b) In the event the County and/or the Technical School pays to the Trustee sums needed to fund the balance of the Cost of the 2018 Project in accordance with the provisions of Section 4.11(a) of the Loan Agreement, the County and the Technical School shall complete Exhibit E attached to the Loan Agreement to reflect: (i) the amount of moneys to be withdrawn from the 2018 Account in the Acquisition Fund to pay the Cost of the 2018 Project, (ii) the amount of money forwarded to the Trustee by the County and/or the Technical School for deposit in the 2018 Account in the Acquisition Fund to make up the deficiency in such Cost of the 2018 Project, and (iii) the total Cost of the item being requisitioned, which certificate shall be signed by an Authorized County Representative and Authorized Technical School Representative and delivered and filed with the Trustee.

**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 2018 Bonds and the initial advance of the Loan and, thereafter, upon the original issuance of any Series of Refunding Bonds, any proceeds of the Loan or Bond proceeds, 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 County 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, firm or corporation 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 pursuant to the immediately preceding sentence are not spent within ninety (90) days of the Issue Date of the Series 2018 Bonds and any Series of Refunding Bonds, the Trustee shall, without further direction, deposit in the applicable Account of the Debt Service Fund any balance then remaining for such Series of Bonds unless the County 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 County 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.

-40-



**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. of the second Business Day immediately following a Loan Payment Date or after the deposit of any Revenues in the Revenue Fund payable by the County 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 County 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) moneys paid by the County pursuant to the County Bonds in accordance with Section 508(2) hereof shall be immediately deposited in the Debt Service Fund, upon the written direction of an Authorized Authority Representative; (iii) Revenues representing moneys received by the Trustee pursuant to the provisions of Section 6.06(c)(ii) of the Loan Agreement shall immediately be deposited in the Debt Service Fund and applied in accordance with the provisions of Section 508 hereof; (iv) Revenues representing Additional Loan Payments made by the County 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 (v) 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 any 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 2018 Account in the Acquisition Fund shall be held in such Account in the Acquisition Fund until delivery of a Completion Certificate for the 2018 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.

-41-

**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 2018 Project or not so applied shall be transferred by the Trustee, upon receipt of a certificate of an Authorized County Representative delivered to the Trustee stating the amount of money to be so transferred, from the 2018 Account in the Acquisition Fund to the 2018 Account in the Proceeds Fund and applied as a credit toward the County'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 2018 Account in the Acquisition Fund in accordance with Section 503(5) hereof and not necessary to complete the 2018 Project or not otherwise applied to complete the 2018 Project shall be transferred by the Trustee to the 2018 Account in the Proceeds Fund. Proceeds on deposit in the 2018 Account 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 County on each Loan Payment Date for the payment of Debt Service on the Series 2018 Bonds by the transfer of such proceeds to the 2018 Account in the Debt Service Fund as set forth in a certificate of an Authorized County Representative filed with the Trustee at the time of the deposit of the proceeds into the 2018 Account in the Proceeds Fund.

3. To the extent moneys in the 2018 Account in the Debt Service Fund are sufficient to satisfy the amount of Loan Payments due and owing by the County for such Bond Year, any such proceeds on deposit in the 2018 Account in the Proceeds Fund or any other Revenues deposited therein shall remain in said 2018 Account in the Proceeds Fund and shall be transferred thereafter into the 2018 Account in the Debt Service Fund on each Loan Payment Date for the payment of Debt Service on the Series 2018 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 County in any Bond Year. Any such proceeds or any other Revenues deposited in the 2018 Account 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 County Representative, in consultation with Bond Counsel.

**Section 508. Debt Service Fund.** 1. Pursuant to Section 506(1)(i) hereof, Revenues representing Loan Payments from the County under the County Bonds on or before 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 the Loan Payments from the County and payments from the State described above 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 Requirement 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 County Representative of such deficiency no later than 4:00 p.m. of the first Business Day after such

-42-

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 County 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 County 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 County Representative shall be acknowledged by the Authorized County Representative to the Trustee within one (1) Business Day after receipt thereof. If the nonpayment of the County is not cured by the applicable Interest Payment Date and Principal Installment Date, as applicable, the County, pursuant to the terms of the County Bonds, shall pay to the Trustee, not later than such Interest Payment Date or Principal Installment Date, as applicable, any and all amounts required to pay Debt Service on the Outstanding Bonds.

2. All moneys paid by the County pursuant to the County Bonds shall be immediately deposited in the Debt Service Fund, which moneys shall be applied to the payment of Debt Service on the Outstanding Bonds on such Interest Payment Date or Principal Installment Date, as applicable. Any payment by the County pursuant to the County Bonds shall be a credit against the corresponding obligation of the County to make Loan Payments and Additional Loan Payments under Article V of the Loan Agreement and shall fulfill the County's obligation to pay such amounts under the Loan Agreement.

3. (a) 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 (b) 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 (4) below.

4. The amount, if any, deposited in the Debt Service Fund representing accrued interest, if any, on the proceeds of the Series 2018 Bonds and any Series of Refunding Bonds, shall be set aside in the Account established for such Series of Bonds 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.

5. In the event of the refunding of any Bonds, the Trustee shall, if an Authorized Authority Representative so directs, in writing, withdraw from the applicable Account in the Debt Service Fund established for the Bonds being refunded all, or any portion of, the amounts accumulated therein with respect to Debt Service on the 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 Bonds being refunded shall be deemed to have been paid pursuant to Section 1301(2) hereof; and (ii) the amount

-43-

remaining in the Debt Service Fund, after giving effect to the issuance of 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 2018 Account in the Debt Service Fund representing capitalized interest on the Series 2018 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 the Series 2018 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 2018 Account in the Debt Service Fund shall immediately be applied to the payment of Debt Service on the Series 2018 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 the Series 2018 Bonds within thirteen (13) months of deposit, such moneys shall be transferred to the 2018 Account in 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 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 County 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

-44-



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.** (a) The Authority shall determine or shall cause to be determined the amounts necessary to equal the rebate requirement and shall cause the County 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 County 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 County to fulfill its obligations with respect to the calculation and payment of the rebate requirement.

(b) 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 (a)(1) of such definition, as shall be directed by an Authorized Authority Representative, upon written direction of the County, that mature not later than such times as shall be necessary to provide moneys when needed for the payments to

-45-

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 County, 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 County free and clear of the lien and pledge of this Bond Resolution.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-46-

## 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 County, as applicable. The Authority may deposit such moneys with the Trustee in trust for the Authority and the County.

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 (a)(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 when 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

-47-

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 (a) 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 the Acquisition Fund, the Debt Retirement Fund, the Proceeds Fund and 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 County. 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 County. 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 County, 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 2018 Account in the Acquisition Fund and applied in accordance with the provisions of Section 506(3) hereof. The Trustee shall annually notify the County and the Authority, in writing, of such application of such interest and earnings in the 2018 Account in the Acquisition Fund. Interest earned on any moneys or investments in the 2018 Account in the Acquisition Fund shall be held in such Account until the delivery of a Completion Certificate for the 2018 Project by an Authorized County 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. Any remaining interest earned on any moneys or investments in the 2018 Account in the Acquisition Fund shall be held in such Fund until the delivery of a Completion Certificate by an Authorized County 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 County, may direct the Trustee to deposit earnings from the Revenue Fund and 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.

-48-



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 County, 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

5. A certified copy of the resolution adopted by the governing body of the Technical School authorizing the financing of the 2018 Project by the County on behalf of and for the benefit of the Technical School and the execution and delivery of the Loan Agreement; and

6. 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 all such opinions shall be addressed to the Authority, the underwriter (or, in the case of the Series 2018 Bonds, the Underwriter) and the Trustee.

**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 Chief Financial Officer of the County of the Trustee's failure to receive a Loan Payment from the County 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 County 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 County under the Loan Agreement, the County shall be unconditionally obligated to pay such sum of money due and owing to the Trustee pursuant to the County Bonds so as not to cause an Event of Default under Section 901(1) or (2) 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 County 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 County 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

## ARTICLE VII

### LOAN TO THE COUNTY

**Section 701. Terms and Conditions for Loan.** Upon receipt by the Trustee of the County Bonds, the Authority shall loan the proceeds of the Bonds (including the Series 2018 Bonds) to the County, on behalf of the Technical School and shall enter into the Loan Agreement 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 respect 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 and the closing of a Series of Bonds, the Authority and the Trustee shall have received the following documents:

1. An opinion of County Counsel and/or County Bond Counsel to the effect that: (i) the County has the right and power under the Local Bond Law to adopt the County Bond Ordinance and the County Bond Ordinance has been duly and lawfully adopted by the County, is in full force and effect and is valid and binding upon the County enforceable in accordance with its terms and no other authorization for the County Bond Ordinance is required; (ii) the County Bonds are the valid, binding general obligation of the County enforceable in accordance with its terms and payments thereunder are payable out of the first funds becoming legally available to the County for such purpose and if such funds are not available, the County has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the jurisdiction of the County for the purpose of making payments under the County Bonds, without limitation as to rate or amount; (iii) the County Bonds have been duly and validly authorized and issued in accordance with applicable law, including the Act and the Local Bond Law and are in full force and effect on the date of issuance of the Bonds, provided that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws and equitable principles affecting creditors' rights generally and that no opinion is being rendered as to the availability of any particular remedy; and (iv) the Loan Agreement was duly authorized by the County in accordance with the County Authorizing Resolution and is a valid and binding contractual obligation of the County;

2. Counterparts of the Loan Agreement executed by the County and the Technical School;

3. Certified copies of the authorization proceedings for the County Authorizing Resolution adopted by the County;

4. The County Bonds and certified copies of the County Bond Ordinance authorization proceedings for the issuance of the County Bonds adopted by the County;

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 County. 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 County at reasonable times and under reasonable circumstances.

**Section 708. Insufficiency of or Failure to Make Loan Payments; Payment Under County Bonds.** The Loan Agreement shall provide that the County 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]



## 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 205 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

-53-

4. The Authority shall file or cause to be filed with the Trustee: (i) 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 and specifying such Event of Default or default; and (ii) within ninety (90) days after the end of each Fiscal Year, a certificate signed by an appropriate Authorized Authority Representative stating whether, to the best of his knowledge and belief, the Authority has kept, observed, performed and fulfilled its covenants and obligations contained in this Bond Resolution and that there does not exist at the date of such certificate any default by the Authority under this Bond Resolution or any Event of Default or other event which, with the lapse of time specified in Section 901, would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same 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 thereof with the Authority. The Authority may charge or cause to be charged to 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 County under the County Bonds and pursuant to the Loan Agreement. The Authority shall provide the Trustee with a certified copy 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 County Bonds and the Loan Agreement. The Authority will not consent or agree to or permit any amendment, change or modification to the County Bonds or the Loan Agreement except in accordance with the provisions of Section 815 hereof. Copies of the County Bonds and the Loan Agreement certified by an Authorized Authority Representative shall be filed with the Trustee, and copies of any such amendments 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 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 County.

-55-

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 direct, 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 2018 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, the County 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 file or cause to be filed with the Trustee, and otherwise as provided by law, a copy of the reports of such audits to the Trustee, including statements in reasonable detail, accompanied by an Accountant's Certificate, of financial condition, of all funds held by the Trustee 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.

-54-

**Section 811. Loan Payments.** Prior to the execution of the Loan Agreement, and in each and every Fiscal Year during which Bonds are Outstanding, the Authority shall at all times establish and collect or cause to be established and collected Loan Payments from the County under the County Bonds as shall be required to provide Revenues at least sufficient, together with other available funds, for the payment of the sum of:

- (i) an amount equal to the Debt Service on Outstanding Bonds for such Fiscal Year; and
- (ii) all other charges or liens whatsoever payable out of Revenues during such Fiscal Year.

**Section 812. Acquisition of the 2018 Project and its Operation and Maintenance.** 1. The Authority shall cause the County and/or the Technical School to acquire, construct and/or install the 2018 Project with due diligence and in a sound and economical manner.

2. The Authority shall at all times cause the County and/or the Technical School to use the 2018 Project 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 County and/or the Technical School (for the benefit of the Authority) to maintain such insurance as shall be required by the provisions of the Loan Agreement.

2. The Authority shall also maintain any additional or other insurance (at the sole cost and expense of the County and Technical School) 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. The Authority shall file or shall cause the County to file with the Trustee annually, within one hundred twenty (120) days after the close of each calendar year, certificates of Authorized County Representatives setting forth a description in reasonable detail of the insurance then in effect with respect to the 2018 Project and certifying that the County and/or the Technical School have 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 2018 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.

-56-



**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 Refunding 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 County 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 2018 Project.** 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 County 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. Enforcement of County Bonds.** The Authority shall undertake all actions necessary so as to entitle it to collect payments from the County, if necessary, in accordance with the terms of the Act and the terms of the County Bonds. The Authority shall not release or modify the obligations of the County under the terms of the County Bonds in any manner which would adversely affect the County's obligation to make payments thereunder. The Authority shall take all reasonable measures which are permitted by the Act or otherwise by law, to enforce prompt payment to the Trustee of all amounts due under the County Bonds, and shall at all times, to the extent permitted by the Act or otherwise by law, defend, enforce, preserve and

-57-

**Section 821. 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 2018 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-59-

protect the rights, benefits and privileges of the Authority and of the Bondholders under or with respect to the County Bonds.

**Section 818. 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 819. 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 Tax-Exempt Obligations 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 Tax-Exempt Obligations. The Authority further covenants that it will make no investments or other use of the proceeds of any Tax-Exempt Obligations which would cause such Tax-Exempt Obligations 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 2018 Bonds and any additional Series of Tax-Exempt Obligations to become "private activity bonds" (within the meaning of Section 141 of the Code).

**Section 820. 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 County 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 County and the Trustee, acting as dissemination agent. Notwithstanding any other provision of this Bond Resolution, the failure of the County to comply with the provisions of the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder and the Beneficial Owners (as defined in the Continuing Disclosure Agreement) of the Bonds may take such actions as set forth in the Continuing Disclosure Agreement as may be necessary and appropriate to cause the County to comply with its obligations set forth in the Continuing Disclosure Agreement.

-58-

## ARTICLE IX

### REMEDIES OF BONDHOLDERS

**Section 901. Events of Default.** The following events shall constitute an Event of Default under this Bond Resolution:

1. 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

2. 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

3. 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

4. if default shall be made by the County for payment of the County Bonds and the due and punctual payment of principal of and interest on the Bonds when such payment shall become due and payable, not less than ten (10) Business Days before any Interest Payment Date and Principal Installment Date, as applicable, and such default is not cured by the County by such Interest Payment Date and Principal Installment Date, as applicable; or

5. the entering of an order or decree appointing a receiver with the consent or acquiescence of the County or the entering of such order or decree without the acquiescence or consent of the County if it shall not be vacated, discharged or stayed within sixty (60) days after its entry; or

6. a petition is filed by the County 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 County, 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 County 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 County or any of its property shall be appointed by court order or take possession of the County's property or assets, if such order remains in effect or such possession continues for more than thirty (30) days; or

7. 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

-60-



8. 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

9. 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 therefrom, 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 (1), (2) and (3) of this Section 901 and if the County Bonds are in full force and effect and no Event of Default under clause (4) of this Section 901 has occurred or upon the occurrence of any Event of Default contained in this Section 901 and the County Bonds are no longer in full force and effect, 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 (5), (6), (7), (8) or (9) of this Section 901 and the County Bonds are in full force and effect and the County is not in default thereunder, 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 County 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,

-61-

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-

-63-

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

-62-

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 conferring 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

-64-



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 respective 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 such Loan Agreement without written consent of the Trustee thereto, which consent shall not be unreasonably withheld.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## ARTICLE X CONCERNING THE FIDUCIARIES

**Section 1001. Trustee; Appointment and Acceptance of Duties.** U.S. Bank National Association, Morristown, 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 and/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 County by an Authorized County 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 thereon 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 County 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 prior written notice to the Trustee, the Authority and the County, and in the case of any removal by the Authority as set forth below, to the Holders of the Bonds, and in 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 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

-69-

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 County 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 County, 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.

-70-

**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 the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate 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 County, 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.

**Section 1014. Conflict Between Provisions of Bond Resolution and County Bonds.** In the event the Trustee, in the performance of its fiduciary responsibilities, determines there are conflicts, ambiguities or inconsistencies between the provisions of the County Bonds and this Bond Resolution, the Trustee may rely upon a written opinion from Bond Counsel addressed to the Authority, the County and the Trustee directing the Trustee to adhere to the provisions of either the County Bonds or this Bond Resolution. The Trustee shall be fully protected in the performance of its fiduciary responsibilities to the extent it acts in accordance with such opinion.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-71-

## 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 in connection with 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 or the County Bonds 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 and 205 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

-72-



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

-73-

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. A 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-74-

## 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: (i) the written consents of the Holders of the percentages of Outstanding Bonds specified in Section 1202 hereof; (ii) an opinion of Bond

-75-

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 (iii) 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

-76-



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 maturity then Outstanding, upon surrender of such Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 (a)(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 (a)(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 County 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 County 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, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution. Except as otherwise

## 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 and all covenants, agreements and other obligations of the County to the Bondholders under the provisions of the County Bonds, 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 the County Bonds 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: (i) 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 (ii) 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 (i) 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

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 County and the Trustee) at any time for such purpose shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under this Bond Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient (as verified by an independent certified public accountant as stated in a verification report addressed to the Authority, the County 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 interest earned from such reinvestment shall be paid over to the Authority, as received by the Trustee, 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 County 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, Standard & Poor's 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, at the written request of the Authority, be repaid by the Fiduciary to the Authority, 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 Authority for the payment of such Bonds; provided, however,

-81-

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, the County, the Technical School, 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 County, the Technical School, 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 County, the Technical School, 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.

-83-

that before being required to make any such payment to the Authority the Fiduciary shall, at the expense of the Authority, 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 Authority, 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, 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 and, if thereafter there are any unclaimed moneys remaining in the Funds and Accounts, then to the County.

**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

-82-

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 County 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 County at Cumberland County Board of Chosen Freeholders, 790 E. Commerce Street, Bridgeton, New Jersey 08302, Attn: Clerk of the Board of Chosen Freeholders and Chief Financial Officer of the County, Fax No. (856) 451-8243; (ii) the Authority at The Cumberland County Improvement Authority, 2 North High Street, Millville, New Jersey 08332, Attn: President/Chief Executive Officer, Fax No. (856) 776-5391; (iii) the Trustee at U.S. Bank National Association, 21 South Street, 3rd Floor, Morristown, New Jersey 07960, Attn: Corporate Trust Services, Fax No. (973) 682-4540; 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

-84-



or addresses as the Authority, the County, 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-85-

#### 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:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-86-

UNITED STATES OF AMERICA  
STATE OF NEW JERSEY  
THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY

GENERAL OBLIGATION REVENUE BONDS  
(TECHNICAL HIGH SCHOOL PROJECT), SERIES 2018

No. R-

INTEREST RATE  
%

CUSIP NUMBER

MATURITY DATE  
\_\_\_\_\_, 20\_\_

DATED DATE  
\_\_\_\_\_, 2018

AUTHENTICATION DATE  
\_\_\_\_\_, 2018

REGISTERED OWNER: Cede & Co.

PRINCIPAL SUM: \_\_\_\_\_ (DOLLARS)

THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY, in the County of Cumberland, 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 2018 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 semiannually on March 1 and September 1, commencing March 1, 2015 ("Interest Payment Date"). This Series 2018 Bond, as to principal, when due, will be payable at the principal corporate trust office of U.S. Bank National Association, Morristown, New Jersey. Interest on this Series 2018 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 fifteenth day of the calendar month next preceding each Interest Payment Date (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 2018 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 2018 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.

-87-

This bond is one of the duly authorized issue of a Series of revenue bonds, each designated as "General Obligation Revenue Bonds (Technical High School Project), Series 2018" ("Series 2018 Bonds" or "Bonds") of the Authority, limited to the aggregate principal amount of \$26,200,000 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 October 24, 2018, entitled, "Resolution of The Cumberland County Improvement Authority Authorizing the Issuance of General Obligation Revenue Bonds (Technical High School Project)" ("Bond Resolution"), a resolution of the Authority duly adopted October 24, 2018, entitled, "Resolution of The Cumberland County Improvement Authority With Respect to the Delegation of the Power to Sell, Through Negotiated or, if Required by State Law, Competitive Sale, and to Award, in One or More Series and at One or More Times, Tax-Exempt General Obligation Revenue Bonds (Technical High School Project), Series 2018 of the Authority, Authorizing Certain Actions, Approving Certain Documents and Determining Other Matters in Connection With the Issuance and Sale of the 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 in Millville, New Jersey and at the principal corporate trust office of U.S. Bank National Association, Morristown, New Jersey ("Trustee"), as trustee under the Bond Resolution.

This Series 2018 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 2018 Bonds is subject to the terms of the Resolution.

The Series 2018 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 2018 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 County 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 2018 Bonds maturing on or after September 1, 20\_\_ shall be subject to redemption prior to their respective stated maturity dates at the option of the Authority, to be exercised upon receipt of written notice to the Trustee and the Authority of prepayment from the County in accordance with the terms of the Loan Agreement, upon notice as set forth below, on or after September 1, 20\_\_ as a whole or in part on any date and, if in part, in such order of maturity as the County may direct and, within a maturity, by lot (or other customary method of selection determined by the Trustee) at a Redemption Price equal to 100% of the principal amount of Series 2018 Bonds to be redeemed, plus accrued interest to the Redemption Date.

-88-



Sinking Fund Redemption. The Series 2018 Bonds maturing on September 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity at a Redemption Price equal to 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:

September 1  
of the Year

Principal Amount

\$

\*

\* Final maturity.

Unless otherwise provided in the Resolution, if less than all of the Series 2018 Bonds of like maturity shall be called for prior redemption, the particular Series 2018 Bonds or portions of such Series 2018 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 2018 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 2018 Bonds for redemption, the Trustee shall treat each such Series 2018 Bond as representing that number of Series 2018 Bonds of \$5,000 denomination which is obtained by dividing by \$5,000 the principal amount of such Series 2018 Bond to be redeemed in part.

When the Trustee shall receive notice from the Authority of its election or direction to redeem the Series 2018 Bonds pursuant to Section 402 of the Bond Resolution, including written notice from the County whose consent is required to effectuate the redemption of the Series 2018 Bonds, and when redemption of the Series 2018 Bonds is authorized or required pursuant to Section 403 of the Bond Resolution and the Trustee shall have received written notice from the County of its consent to the redemption of the Series 2018 Bonds, the Trustee shall give notice, in the name of the Authority, of the redemption of such Series 2018 Bonds, which notice shall specify the maturities of the Series 2018 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 2018 Bonds of any like maturity and particular Series are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2018 Bonds so to be redeemed, and, in the case of the Series 2018 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 2018 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 2018 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 2018 Bonds or portions of the Series 2018 Bonds which are to be redeemed, at their last addresses appearing upon the registry books. Failure to give

-89-

notice by mail, or any defect in notice to the REGISTERED OWNER of any Series 2018 Bonds which are to be redeemed shall not affect the validity of the proceedings for the redemption of any other Series 2018 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 2018 Bonds or portions thereof 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 2018 Bonds or portions thereof 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 2018 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 Resolution, the Authority may hereafter issue Refunding Bonds for the purposes, in the amounts and on the conditions prescribed in the Resolution. All bonds issued and to be issued under the Resolution, including the Series 2018 Bonds and Refunding Bonds, are and will be equally secured by the pledge of Funds and Revenues provided in the Resolution except as otherwise provided in or pursuant to the Resolution.

To the extent and in the respects permitted by the Resolution, the provisions of the 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 Resolution. The pledge of the Pledged Property and other obligations of the Authority under the terms of the Resolution may be discharged at or prior to the maturity or redemption of the Series 2018 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

This Series 2018 Bond is transferable, as provided in the Resolution, only upon the registration books of the Authority which are kept and maintained for that purpose at the principal corporate trust office of U.S. Bank National Association, Morristown, New Jersey ("Bond Registrar"), as registrar under the 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 2018 Bond or Series 2018 Bonds, of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Series 2018 Bond as provided in the Resolution, upon payment of the charges therein prescribed. The Authority, the Trustee, the Bond Registrar and any Paying Agent of the

-90-

Authority may treat and consider the Person in whose name this Series 2018 Bond is registered as the Holder and absolute Owner of this Series 2018 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, the County Bond, and the Act is made for a description of the nature and extent of the security for the Series 2018 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 2018 Bonds with respect thereto, the terms and conditions upon which the Series 2018 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 County and the Trustee.

THE ACT PROVIDES THAT NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2018 BONDS SHALL BE LIABLE PERSONALLY ON THE SERIES 2018 BONDS BY REASON OF THE ISSUANCE THEREOF.

THE SERIES 2018 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 AND THE COUNTY BOND, THE COUNTY), 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 AND THE COUNTY BOND, THE COUNTY), EITHER LEGAL, MORAL OR OTHERWISE. THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE SERIES 2018 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 COUNTY, AS APPLICABLE, UNDER AND LIMITED BY THE LOAN AGREEMENT AND THE COUNTY BOND), IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2018 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 2018 Bond exist, have happened and have been performed and that the Series 2018 Bonds, together with all other indebtedness of the Authority, are within every debt and other limit prescribed by said Constitution or statutes.

This Series 2018 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.

-91-

IN WITNESS WHEREOF, THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY has caused this Series 2018 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 2018 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 CUMBERLAND COUNTY  
IMPROVEMENT AUTHORITY

  
Secretary

BY: \_\_\_\_\_, Chairman

[SEAL]

-92-



## 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 2018 Bond and all rights hereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, as Attorney, to transfer the within Series 2018 Bond on the registration books of The Cumberland 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 2018 Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

SIGNATURE GUARANTEE:  
(Medallion Guarantee Program Stamp)

\_\_\_\_\_

-93-

**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 General Obligation Revenue Bonds (Technical High School Project), Series [2018] of The Cumberland County Improvement Authority, described and delivered pursuant to the within-mentioned Bond Resolution and being dated \_\_\_\_\_, 2018.

U.S. Bank National Association, as [Trustee]  
[Bond Registrar]

By: \_\_\_\_\_  
Authorized Signatory

**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(e).

The foregoing is a true copy of a Bond Resolution adopted by the governing body of THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY at a meeting thereof duly called and held on October 24, 2018.

  
ALBERT B. KELLY, Secretary  
Cumberland County Improvement Authority

-94-

## TABLE OF CONTENTS

	PAGE
ARTICLE I. DEFINITIONS AND STATUTORY AUTHORITY.....	4
Section 101. Definitions.....	4
Section 102. Authority for This Bond Resolution.....	18
Section 103. Bond Resolution to Constitute Contract.....	18
ARTICLE II. AUTHORIZATION AND ISSUANCE OF BONDS.....	20
Section 201. Authorization of Bonds.....	20
Section 202. General Provisions for Issuance of Bonds.....	20
Section 203. The Series 2018 Bonds.....	23
Section 204. Book-Entry System.....	24
Section 205. Refunding Bonds.....	26
ARTICLE III. GENERAL TERMS AND PROVISIONS OF BONDS.....	29
Section 301. Obligation of Bonds; Medium of Payment; Form and Date.....	29
Section 302. Legends.....	29
Section 303. Execution of Bonds.....	30
Section 304. Authentication of Bonds.....	30
Section 305. Transfer, Exchange and Registry of Bonds and Agency Therefor.....	30
Section 306. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds.....	31
Section 307. Temporary Bonds.....	31
Section 308. Payment of Interest on Bonds; Interest Rights Preserved.....	32
Section 309. Cancellation and Destruction of Bonds.....	32
ARTICLE IV. REDEMPTION OF BONDS.....	33
Section 401. Privilege of Redemption and Redemption Price.....	33
Section 402. Redemption at the Election or Direction of the Authority.....	33
Section 403. Redemption Otherwise Than at the Authority's Election or Direction.....	33
Section 404. Selection of Bonds to be Redeemed.....	34
Section 405. Notice of Redemption.....	34
Section 406. Payment of Redeemed Bonds.....	35
ARTICLE V. ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF.....	36
Section 501. The Pledge Effected by This Bond Resolution and Security for the Bonds.....	36
Section 502. Establishment of Funds.....	37
Section 503. Acquisition Fund.....	37
Section 504. Revenue Fund.....	40
Section 505. Operating Fund.....	40
Section 506. Payments From the Revenue Fund into Certain Funds.....	41
Section 507. Proceeds Fund.....	42
Section 508. Debt Service Fund.....	42
Section 509. Debt Retirement Fund.....	44
Section 510. Satisfaction of Sinking Fund Installments.....	45
Section 511. Application of Moneys in the Rebate Fund.....	45
Section 512. Moneys Remaining in Funds and Accounts; Reimbursement of Fiduciary and Authority.....	46

-i-

## TABLE OF CONTENTS (CONT'D)

	PAGE
ARTICLE VI. DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS.....	47
Section 601. Depositories.....	47
Section 602. Deposits.....	47
Section 603. Investment of Certain Funds.....	48
Section 604. Valuation and Sale of Investments.....	49
ARTICLE VII. LOAN TO THE COUNTY.....	50
Section 701. Terms and Conditions for Loan.....	50
Section 702. Form of Loan Agreement.....	50
Section 703. Delivery of Documents in Connection With the Loan Agreement.....	50
Section 704. Default Under the Loan Agreement.....	51
Section 705. The Trustee's Obligations.....	51
Section 706. Termination of the Loan Agreement.....	51
Section 707. Files.....	52
Section 708. Insufficiency of or Failure to Make Loan Payments; Payment Under County Bonds.....	52
ARTICLE VIII. PARTICULAR COVENANTS OF THE AUTHORITY.....	53
Section 801. Payment of Bonds.....	53
Section 802. Extension of Payment of Bonds.....	53
Section 803. Offices for Servicing Bonds.....	53
Section 804. Further Assurance.....	53
Section 805. Power to Issue Bonds and Pledge Pledged Property.....	53
Section 806. Creation of Liens.....	54
Section 807. Accounts and Reports.....	54
Section 808. Payment of Taxes and Charges.....	55
Section 809. The Loan Agreement.....	55
Section 810. Power to Determine and Collect Loan Payments.....	55
Section 811. Loan Payments.....	56
Section 812. Acquisition of the 2018 Project and its Operation and Maintenance.....	56
Section 813. Maintenance of Insurance.....	56
Section 814. Application of Insurance Proceeds.....	56
Section 815. Enforcement of Loan Agreement; Amendments.....	57
Section 816. Additional Covenants With Respect to the 2018 Project.....	57
Section 817. Enforcement of County Bonds.....	57
Section 818. General.....	58
Section 819. Tax Covenant.....	58
Section 820. Secondary Market Disclosure.....	58
Section 821. Financing Statements.....	59
ARTICLE IX. REMEDIES OF BONDHOLDERS.....	60
Section 901. Events of Default.....	60
Section 902. Accounting and Examination of Records After Default.....	62
Section 903. Application of Pledged Property After Default.....	62
Section 904. Proceedings Brought by Trustee.....	63
Section 905. Restrictions on Bondholder's Action.....	64

-ii-

**TABLE OF CONTENTS (CONT'D)**

**PAGE**

Section 906.	Remedies Not Exclusive.....	65
Section 907.	Effect of Waiver and Other Circumstances .....	65
Section 908.	Notice of Default.....	65
Section 909.	Notice to Trustee to Exercise Remedies Under the Loan Agreement.....	65
ARTICLE X. CONCERNING THE FIDUCIARIES.....		67
Section 1001.	Trustee; Appointment and Acceptance of Duties .....	67
Section 1002.	Paying Agents; Appointment and Acceptance of Duties; Bond Registrar .....	67
Section 1003.	Responsibilities of Fiduciaries.....	67
Section 1004.	Evidence on Which Fiduciaries May Act .....	68
Section 1005.	Compensation .....	68
Section 1006.	Certain Permitted Acts.....	69
Section 1007.	Resignation of Trustee .....	69
Section 1008.	Removal of the Trustee.....	69
Section 1009.	Appointment of Successor Trustee .....	69
Section 1010.	Transfer of Rights and Property to Successor Trustee.....	70
Section 1011.	Merger or Consolidation .....	70
Section 1012.	Adoption of Authentication .....	71
Section 1013.	Resignation or Removal of Paying Agent or Bond Registrar and Appointment of Successor .....	71
Section 1014.	Conflict Between Provisions of Bond Resolution and County Bonds .....	71
ARTICLE XI. SUPPLEMENTAL RESOLUTIONS.....		72
Section 1101.	Supplemental Resolutions Effective Upon Filing With the Trustee.....	72
Section 1102.	Supplemental Resolutions Effective Upon Consent of Trustee.....	73
Section 1103.	Supplemental Resolutions Effective With Consent of the Bondholders.....	73
Section 1104.	General Provisions.....	73
ARTICLE XII. AMENDMENTS.....		75
Section 1201.	Mailing and Publication.....	75
Section 1202.	Powers of Amendment.....	75
Section 1203.	Consent of Bondholders.....	75
Section 1204.	Modifications by Unanimous Consent.....	76
Section 1205.	Exclusion of Bonds .....	77
Section 1206.	Notation on Bonds .....	77
ARTICLE XIII. MISCELLANEOUS .....		78
Section 1301.	Defeasance .....	78
Section 1302.	Unclaimed Funds .....	81
Section 1303.	Evidence of Signatures of Bondholders and Ownership of Bonds.....	82
Section 1304.	Moneys Held for Particular Bonds .....	83
Section 1305.	Preservation and Inspection of Documents.....	83
Section 1306.	Parties Interest Herein.....	83
Section 1307.	No Recourse on the Bonds.....	83
Section 1308.	Publication of Notice; Suspension of Publication .....	83

-iii-

**TABLE OF CONTENTS (CONT'D)**

**PAGE**

Section 1309.	Severability of Invalid Provisions.....	84
Section 1310.	Holidays .....	84
Section 1311.	Separate Financings .....	84
Section 1312.	Notices and Demands .....	84
Section 1313.	Headings .....	85
Section 1314.	Governing Law .....	85
ARTICLE XIV. BOND FORM AND EFFECTIVE DATE .....		86
Section 1401.	Form of Bonds .....	86
Section 1402.	Form of Certificate of Authentication of Trustee or Bond Registrar .....	94
Section 1403.	Effective Date .....	94

-iv-

**RESOLUTION OF THE CUMBERLAND COUNTY IMPROVEMENT  
AUTHORITY AUTHORIZING THE ISSUANCE OF  
GENERAL OBLIGATION REVENUE BONDS  
(TECHNICAL HIGH SCHOOL PROJECT)**

Adopted: October 24, 2018

**LOAN AND SECURITY AGREEMENT**

**BY AND AMONG**

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY,**

**COUNTY OF CUMBERLAND, NEW JERSEY**

**AND**

**THE CUMBERLAND COUNTY BOARD OF VOCATIONAL EDUCATION**

**DATED AS OF JANUARY 1, 2019**

	<u>PAGE</u>
<b>TABLE OF CONTENTS</b>	
<b>ARTICLE I. DEFINITIONS AND GENERAL PROVISIONS</b> .....	3
Section 1.01. Definitions.....	3
<b>ARTICLE II. REPRESENTATIONS AND WARRANTIES</b> .....	14
Section 2.01. County's Covenants, Representations and Warranties.....	14
Section 2.02. Technical School's Representations and Warranties.....	16
Section 2.03. Authority Representations and Findings.....	18
<b>ARTICLE III. ISSUE OF SERIES 2019 BONDS; LENDING CLAUSE</b> .....	21
Section 3.01. Issue of the Series 2019 Bonds; Lending Clause.....	21
Section 3.02. Benefit of Bondholders.....	21
Section 3.03. Compliance With Bond Resolution.....	21
<b>ARTICLE IV. ACQUISITION OF THE 2019 Project</b> .....	22
Section 4.01. Construction of the 2019 Project.....	22
Section 4.02. Deposits to Acquisition Fund.....	22
Section 4.03. Payments From Acquisition Fund.....	23
Section 4.04. Cooperation in Furnishing Documents.....	23
Section 4.05. Completion Date.....	23
Section 4.06. Series 2019 Bonds Not to Become Arbitrage Bonds.....	24
Section 4.07. Restriction on Use of Acquisition Fund.....	24
Section 4.08. Due Diligence Requirement.....	24
Section 4.09. Completion of 2019 Project; Excess Bond Proceeds.....	25
Section 4.10. Default in Performance.....	25
Section 4.11. Sufficiency of Bond Proceeds; Completion of the 2019 Project.....	25
Section 4.12. Substitution by the Technical School.....	26
<b>ARTICLE V. TERM AND PAYMENTS</b> .....	28
Section 5.01. Loan Term.....	28
Section 5.02. Payments.....	28
Section 5.03. Application/Assignment of Payments.....	29
Section 5.04. County Loan Payment Obligations Unconditional.....	30
Section 5.05. Prepayments.....	30
Section 5.06. Payment on Termination of Loan Agreement.....	31
Section 5.07. Indemnification of Authority.....	31
Section 5.08. Nature of Obligations of the Authority.....	32
Section 5.09. Financial Reports.....	32
Section 5.10. Performance Bonds and Other Financial Guaranty.....	32
Section 5.11. Net Loan Agreement.....	33

	<u>PAGE</u>
Section 9.03. Amounts Remaining Under Bond Resolution.....	49
Section 9.04. Counterparts.....	50
Section 9.05. Headings.....	50
Section 9.06. Non-Waiver.....	50
Section 9.07. Survival of Loan Agreement.....	50
Section 9.08. Assignment.....	50
Section 9.09. Severability.....	50
Section 9.10. Applicable Law.....	50
Section 9.11. Notices.....	50
Section 9.12. Benefit of Loan Agreement; Compliance With Bond Resolution.....	51
Section 9.13. Further Assurances.....	51
<b>EXHIBIT A. LOAN PAYMENT SCHEDULE</b>	
<b>EXHIBIT B. FORM OF REQUISITION FOR PAYMENT</b>	
<b>EXHIBIT C. FORM OF COMPLETION CERTIFICATE</b>	
<b>EXHIBIT D. CERTIFICATES AS TO AUTHORIZED TECHNICAL SCHOOL REPRESENTATIVE AND AUTHORIZED COUNTY REPRESENTATIVE</b>	
<b>EXHIBIT E. CERTIFICATE TO BE USED WHEN 2019 PROJECT COSTS EXCEED AMOUNTS IN ACQUISITION FUND</b>	
<b>EXHIBIT F. TRUSTEE INFORMATION</b>	
<b>EXHIBIT G. FORM OF COUNTY BOND</b>	
<b>EXHIBIT H. 2019 PROJECT FUNDED WITH PROCEEDS OF THE SERIES 2019 BONDS</b>	

	<u>PAGE</u>
Section 5.12. County Notice; Appropriation for Loan Payments.....	33
Section 5.13. Secondary Market Disclosure.....	33
<b>ARTICLE VI. SPECIAL COVENANTS</b> .....	34
Section 6.01. Compliance With Laws and Regulations.....	34
Section 6.02. Covenant Against Waste.....	34
Section 6.03. Right of Inspection.....	34
Section 6.04. Condition of the 2019 Project.....	34
Section 6.05. Assignment of Loan Agreement and County Bond by the County.....	34
Section 6.06. Sale, Lease or Sublease.....	35
Section 6.07. Cooperation by the County and the Technical School.....	35
Section 6.08. Full Faith and Credit Pledge.....	35
Section 6.09. Compliance With Laws.....	36
Section 6.10. Federal Tax Covenants.....	36
Section 6.11. Affirmative Covenants.....	36
Section 6.12. Delivery of Documents.....	37
Section 6.13. Information.....	38
Section 6.14. Rebate Covenant.....	38
Section 6.15. Negative Covenants.....	39
Section 6.16. Third Party Beneficiaries.....	40
Section 6.17. Assignment of and Transfer by Authority.....	40
Section 6.18. Acquired Program Obligation.....	40
<b>ARTICLE VII. INSURANCE; DAMAGE, DESTRUCTION AND CONDEMNATION</b> .....	41
Section 7.01. Operation, Maintenance and Repair.....	41
Section 7.02. Utilities, Taxes and Governmental Charges.....	41
Section 7.03. Additions, Enlargements and Improvements.....	41
Section 7.04. Additional Rights of the Technical School.....	42
Section 7.05. Insurance.....	42
Section 7.06. Damage or Destruction.....	43
Section 7.07. Condemnation.....	43
<b>ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES</b> .....	45
Section 8.01. Events of Default.....	45
Section 8.02. Acceleration and Annulment Thereof; Opportunity to Cure Default.....	46
Section 8.03. Payments Under County Bond.....	47
Section 8.04. Remedies.....	47
Section 8.05. Cumulative Rights; No Implied Waiver.....	48
Section 8.06. No Duty to Mitigate Damages.....	48
Section 8.07. Employment of Attorneys.....	48
<b>ARTICLE IX. MISCELLANEOUS</b> .....	49
Section 9.01. Successors and Assigns.....	49
Section 9.02. Amendments, Changes and Modifications.....	49
	(ii)

**THIS LOAN AND SECURITY AGREEMENT**, dated as of January 1, 2019 ("Loan Agreement"), by and among The Cumberland County Improvement Authority ("Authority"), a public body corporate and politic and a political subdivision of the State of New Jersey ("State"), the County of Cumberland, New Jersey, a political subdivision of the State ("County"), and The Cumberland County Board of Vocational Education, a public body corporate and politic organized and existing pursuant to the provisions of *N.J.S.A. 18A:54-1 et seq.* ("Technical School").

**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, 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 (as hereinafter defined) 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 capital improvement project consisting of: (i) the development and construction of an approximately 55,000 square foot educational facility, including classrooms, offices and administrative space for the Technical School ("Facility"); (ii) the acquisition of certain real property in the County on which the Facility will be constructed; (iii) the costs of equipping of the Facility; (iv) all other costs and expenses necessary for or related to the development, construction and equipping of the Facility; (v) capitalized interest on the Series 2019 Bonds (as hereinafter defined), if any; and (vi) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2019 Bonds, including the payment of a municipal bond insurance premium, if any, all as more particularly described in Exhibit H attached hereto, as each may be amended, supplemented and restated from time to time (collectively, the "2019 Project"); and

**WHEREAS**, all actions necessary and required under the Act for the approval of the 2019 Project, including, without limitation, obtaining the consent of the County to undertake the financing and the issuance by the County on the Issue Date (as hereinafter defined) of a County Bond (as hereinafter defined) to the Authority pursuant to the County Bond Ordinance (as hereinafter defined) evidencing the Loan (as hereinafter defined) and the review of and consent to such financing and issuance of the County Bond 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 or concurrently with the issuance of the Series 2019 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 2019 Project by the issuance of the Series 2019 Bonds and the lending of the proceeds thereof ("Loan") to the County and the Technical School pursuant to the terms and conditions set forth herein and in the Bond Resolution (as hereinafter defined); and

WHEREAS, pursuant to the terms of this Loan Agreement, the County, on behalf of the Technical School, is required to make the Loan Payments (as hereinafter defined) to the Authority on each Loan Payment Date (as hereinafter defined) in an amount equal to the Debt Service (as defined in the Bond Resolution) on the Series 2019 Bonds due on the immediately succeeding Interest Payment Date (as hereinafter defined) and/or Principal Installment Date (as hereinafter defined), as the case may be; and

WHEREAS, the County's Loan Payments will be made pursuant to and secured by the County Bond; and

WHEREAS, the County Bond shall be secured by the full faith and credit of the County, the payment of the principal of and interest on which the County shall be obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable property within the jurisdiction of the County without limitation as to rate or amount; and

WHEREAS, pursuant to a letter dated September 27, 2018, from the New Jersey Department of Education, a portion of the County Bonds, in an amount not-to-exceed 71.5200% of the final eligible costs of the 2019 Project, as determined by the New Jersey Department of Education (not-to-exceed \$26,207,881), will be provided to the County by the State pursuant to the Educational Facilities Construction and Financing Act (*N.J.S.A. 18A:7G-1 et seq.*) ("Educational Facilities Construction and Financing Act"), subject to annual appropriation by the State; and

WHEREAS, the County has authorized: (i) the undertaking of the 2019 Project; and (ii) the performance of its obligations under (A) the County Bond, including the repayment of the Series 2019 Bonds issued by the Authority, through the adoption of the County Bond Ordinance; and (B) this Loan Agreement and the Continuing Disclosure Agreement (as hereinafter defined) through the adoption of the County Authorizing Resolution (as hereinafter defined); and

WHEREAS, the Series 2019 Bonds will be issued pursuant to the provisions of Sections 201 through 203 of the Bond Resolution.

NOW, THEREFORE, the parties hereto mutually agree as follows:

-2-

punctual performance of the Bond Resolution, the County Bond, and this Loan Agreement in accordance with the terms thereof and hereof, (v) all fees and expenses including, but not limited to, indemnification expenses, if any, of counsel, auditors, insurers, Fiduciaries, and others, and (vi) 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, the County Bond, 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 County.

**"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 County Representative"** shall mean any Person or Persons authorized to act on behalf of the County as shall be set forth in a written certificate signed on behalf of the County by the Director or Deputy Director of the Board of Chosen Freeholders, which form of certificate is set forth as Exhibit D annexed hereto and incorporated by this reference herein.

**"Authorized Technical School Representative"** shall mean the President, Vice-President, Secretary or Treasurer of The Cumberland County Board of Vocational Education, or any other Person or Persons who shall be authorized to act on behalf of the Technical School by virtue of a resolution adopted by The Cumberland County Board of Vocational Education in connection with the issuance of the Series 2019 Bonds, which resolution shall set forth such authorization.

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

**"Bond"** or **"Bonds"** shall mean the Series 2019 Bonds issued at one or more times pursuant to Sections 201, 202 and 203 of the Bond Resolution to provide funds to finance the 2019 Project, together with 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 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 October 24, 2018 entitled "Resolution of The Cumberland County Improvement Authority Authorizing the Issuance of County General Obligation Bonds (Technical High School Project)", as the same may be amended, modified and supplemented in accordance with the provisions

-4-

## ARTICLE I

### DEFINITIONS AND GENERAL PROVISIONS

**SECTION 1.01. Definitions.** The terms set forth in this Section 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 have the meaning set forth in the Recitals to this Loan Agreement.

**"Additional Loan Payments"** shall mean amounts payable by the County 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, the County Bond, and this Loan Agreement, including reasonable attorneys' fees related hereto and thereto.

**"Annual Authority Administrative Fee"** shall mean the annual fee for the general administrative expenses of the Authority for the Series 2019 Bonds, due on the anniversary of the Issue Date until such time as the Series 2019 Bonds are no longer Outstanding, in 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 the Series 2019 Bonds and all other services or actions of the Authority in connection with this Loan Agreement.

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

**"Authority"** shall mean The Cumberland 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 December 30, 1980, 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, the County Bond and this Loan Agreement, as applicable, including, but not limited to: (i) the Initial Authority Financing Fee; (ii) the Authority's construction management fee for the 2019 Project set forth in the Award Certificate for the Series 2019 Bonds, to be charged at the time the Series 2019 Bonds are issued; (iii) the Annual Authority Administrative Fee; (iv) 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 2019 Project or the compelling of the full and

-3-

thereof and pursuant to the provisions of the Award Certificate executed by the President/Chief Executive Officer of the Authority in connection with the issuance of the Series 2019 Bonds.

**"Bond Year"** shall mean, with respect to the Series 2019 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 2019 Bonds or the date that is five (5) years after the Issue Date in the case of the Series 2019 Bonds, Bond Years shall end on each anniversary of the Issue Date and on the final maturity date of the Series 2019 Bonds. For each Series of Refunding Bonds, Bond Year shall be designated in the Supplemental Resolution pursuant to which such Series of Refunding 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 County 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 Technical School and approved by the County, wherein, with respect to the 2019 Project, the Technical School certifies as to such matters as the Authority and the County 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 2019 Project as stated in the 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 2019 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: (i) the costs of payment of, or reimbursement for, the construction, acquisition, improvement, installation and financing of such 2019 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 2019 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 and consulting fees of the Authority and the County, the Initial Authority Financing Fee for a particular Series of Bonds, 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 County or the Authority shall be required

-5-

to pay under the terms of any contract or contracts for the acquisition, construction, equipping and furnishing of the 2019 Project including, but not limited to, the cost of insurance; (iii) any sums required to reimburse the County or the Technical School 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 2019 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 Bond Resolution as may be necessary or incidental to the acquisition, construction, equipping and furnishing of the 2019 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, the County, or the Technical School for any of the above-mentioned items or in connection with the administration and enforcement of the County Bond, the Continuing Disclosure Agreement and this Loan Agreement.

**"County"** shall mean the County of Cumberland, a body politic and corporate of the State.

**"County Authorizing Resolution"** shall mean (i) the resolution of the County adopted pursuant to the provisions of *N.J.S.A. 40A:2-27(a)(2)* on November 20, 2018 in connection with the issuance of the County Bonds and the Series 2019 Bonds and entitled, "RESOLUTION OF THE BOARD OF CHOSEN FREEHOLDERS OF THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY CONSENTING TO A FINANCING BY THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY, PURSUANT TO *N.J.S.A. 40:37A-56*"; and (ii) any other resolution adopted by the County in connection with the issuance of any Series of Refunding Bonds.

**"County Bond"** shall mean: (i) the COUNTY OF CUMBERLAND, NEW JERSEY GENERAL OBLIGATION BOND (TECHNICAL HIGH SCHOOL PROJECT), SERIES 2018, issued pursuant to the Local Bond Law and the County Bond Ordinance, and delivered by the County to the Authority to evidence the County's obligations to pay the Loan Payments and all other amounts due and owing by the County under this Loan Agreement with respect to the issuance of the Series 2019 Bonds; and (ii) any general obligation refunding bond of the County issued pursuant to the Local Bond Law and the County Bond Ordinance, and delivered by the County to the Authority to evidence the County's obligations to pay the Loan Payments and all other amounts due and owing by the County under this Loan Agreement, as amended, with respect to the issuance of any Series of Refunding Bonds, a specimen of which is attached hereto as Exhibit G, pursuant to which the power and obligation of the County to make such payments shall be unlimited and for the payment of which the County shall, if necessary, levy *ad valorem* taxes upon all the taxable property within the jurisdiction of the County without limitation as to rate or amount.

**"County Bond Ordinance"** shall mean: (i) the bond ordinance of the County adopted pursuant to the provisions of the Local Bond Law on October 23, 2018, in connection with the issuance of the Series 2019 Bonds and entitled, "BOND ORDINANCE PROVIDING FOR THE CONSTRUCTION OF AN ADDITION TO THE VOCATIONAL TECHNICAL HIGH SCHOOL OF CUMBERLAND COUNTY; APPROPRIATING \$26,200,000 AND AUTHORIZING THE ISSUANCE OF \$26,200,000 BONDS OR NOTES OF THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY; THE PRINCIPAL AND INTEREST WILL BE ENTITLED TO STATE AID, PURSUANT TO PROJECT #11-0995-030-18-1000 OF THE

-6-

**"Educational Facilities Construction and Financing Act"** shall mean Chapter 12 of 1971 of the Laws of New Jersey, as amended (*N.J.S.A. 18A:7G-1 et seq.*).

**"Equipment"** shall mean, collectively, the Items of equipment included in the budget for the 2019 Project as more particularly described in Section 1 of the County Bond Ordinance and in Exhibit H hereto, as each may be amended, supplemented and restated from time to time, acquired and installed by the County or the Technical School and any other Items of equipment as permitted hereunder in substitution for, as a renewal or replacement of, or a modification, improvement or addition to, any equipment then described in the County Bond Ordinance and in Exhibit H hereto, as each may be amended, supplemented and restated from time to time in connection therewith.

**"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 County 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 any Series of Tax-Exempt Obligations 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 County, the Authority or the Technical School, 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 the Bond Resolution; provided, however, that such Funds do not constitute "funds" in accordance with generally accepted accounting principles.

**"Improvements"** shall mean, collectively, the Items of capital improvements included in the budget for the 2019 Project as more particularly described in Section 1 of the County Bond Ordinance and in Exhibit H hereto, as each may be amended, supplemented and restated from time to time, acquired, renovated and/or constructed by the County or the Technical School and any other Items of capital improvements as permitted hereunder in substitution for, as a renewal or replacement of, or a modification, improvement or addition to, a capital improvement then described in the County Bond Ordinance and in Exhibit H hereto, as each may be amended, supplemented and restated from time to time in connection therewith.

**"Initial Authority Financing Fee"** shall mean, with respect to: (i) the Series 2019 Bonds, an amount equal to \_\_\_\_\_% of the principal amount of the Series 2019 Bonds, as set forth in the Award Certificate executed by an Authorized Authority Representative in

-8-

NEW JERSEY DEPARTMENT OF EDUCATION", as same may be amended, supplemented and restated from time to time in accordance with the Local Bond Law and (ii) any refunding bond ordinance duly adopted by the County pursuant to the provisions of the Local Bond Law in connection with the issuance of any Series of Refunding Bonds.

**"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 2019 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 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 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 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) of the Bond Resolution.

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

**"Delegation Resolution"** shall mean that resolution adopted by the Authority on October 24, 2018 authorizing, *inter alia*, the execution and delivery of this Loan Agreement, the Award Certificate or Award Certificates and a bond purchase contract or bond purchase contracts with the Underwriter in the event the Series 2019 Bonds are sold through negotiated sale at one or more times, which resolution shall not constitute a Supplemental Resolution under the Bond Resolution.

-7-

connection with the sale and award of the Series 2019 Bonds; and (ii) any Series of Refunding Bonds, the amount specified in the applicable Supplemental Resolution authorizing such Series of Refunding Bonds or the award certificate executed by an Authorized Authority Representative in connection with the sale and award of such Series of Refunding Bonds.

**"Interest Payment Date"** shall mean: (i) with respect to the Series 2019 Bonds, each January 15 and July 15, commencing July 15, 2019, or such other date or dates as provided for in the Award Certificate for the Series 2019 Bonds, and (ii) such other dates as shall be established by a Supplemental Resolution authorizing a Series of 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.

**"Issue Date"** shall mean, with respect to: (i) the Series 2019 Bonds, January 16, 2019; and (ii) any Series of Refunding Bonds, the date on which the Trustee authenticates the applicable Series of Refunding Bonds and on which such Series of Refunding Bonds are delivered to the purchasers thereof upon original issuance.

**"Item"** shall mean a particular item of Equipment or specific Improvement, provided however that each Item of Equipment or Improvement may include more than one Unit.

**"Loan"** shall mean the loan made by the Authority to the County for the benefit of the Technical School in the aggregate principal amount of \$ \_\_\_\_\_, to finance the Costs of the 2019 Project under the terms and conditions set forth herein.

**"Loan Agreement"** shall mean this Loan and Security Agreement, dated as of January 1, 2019, by and among the Authority, the County and the Technical School, together with any supplements and amendments thereto, relating to the 2019 Project to be financed with the proceeds of the Loan.

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

**"Loan Payment"** shall mean the sum of money representing principal and interest for the 2019 Project necessary to amortize Debt Service on the Series 2019 Bonds payable by the County pursuant to the County Bond 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 2019 Bonds pursuant to Article IV of the Bond Resolution and, as applicable, Additional Loan Payments payable by the County and/or the Technical School upon demand pursuant to Sections 5.02(a) and (b) hereof, respectively. The obligations of the County under the County Bond shall be deemed to be amounts payable under Article V of this Loan Agreement. Each Loan Payment shall be deemed to be a credit against the corresponding obligation of the County under Article V of this Loan Agreement and shall fulfill the County's obligation to pay such amount or amounts under this Loan Agreement and under the County Bond.

-9-



**"Loan Payment Date"** shall mean: (i) with respect to each Series of the Series 2019 Bonds, ten (10) 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 a Series of Refunding Bonds.

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

**"Local Bond Law"** shall mean the "Local Bond Law," constituting Chapter 169 of the Pamphlet Laws of 1960 of the State (codified at *N.J.S.A. 40A:2-1 et seq.*), as the same may from time to time be amended and supplemented.

**"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.

-10-

**"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.

**"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 2019 Bonds, each January 15, commencing January 15, 2020, or such other date or dates as provided for in the Award Certificate for the Series 2019 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 a Series of Refunding 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 2019 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 Technical School elects to provide self-insurance under Section 7.05 of this Loan Agreement, any moneys payable from any self-insurance fund of the Technical School which may lawfully be expended for the purposes for which such self-insurance is provided.

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

**"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 2019 Bonds, the fifteenth (15<sup>th</sup>) day of the calendar month next preceding any Interest Payment Date or Principal Installment Date, as applicable, or such other date or dates as provided for in the Award Certificate for the Series 2019 Bonds, or (ii) such other dates as set forth in a Supplemental Resolution authorizing a Series of Refunding Bonds.

**"Refunding Bonds"** shall mean any Bonds authenticated and delivered on original issuance pursuant to Section 205 of the Bond Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III,

-11-

Section 406 or after any action taken as provided in Articles XI and XII of the Bond Resolution and as described in Section 1206 thereof.

**"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 at one or more times 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 after any action taken as provided in Articles XI and XII of the Bond Resolution and as described in Section 1206 thereof, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

**"Series 2019 Bonds"** shall mean the Series of Tax-Exempt Obligations so designated, authenticated and delivered to the Underwriter upon original issuance pursuant to Section 203 of the Bond Resolution in the principal amount of \$ \_\_\_\_\_, which are designated County General Obligation Revenue Bonds (Technical High School Project), Series 2019.

**"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 Section 205 and Article XI of the Bond Resolution, but shall not include the Delegation Resolution.

**"Tax-Exempt Obligations"** shall mean any Series of Bonds (including the Series 2019 Bonds) which are issued pursuant to the terms of the Bond Resolution together with an opinion of Bond Counsel to the effect that the interest on such Series of Bonds is not includable in gross income for federal income tax purposes pursuant to the provisions of the Code.

**"Technical School"** shall mean The Cumberland County Technical Education Center, organized and existing as a public body corporate and politic organized pursuant to the provisions of *N.J.S.A. 18A:54-1 et seq.*

**"Trustee"** shall mean, (i) with respect to the Series 2019 Bonds and any Series of Refunding Bonds issued under the Bond Resolution, U.S. Bank National Association, Edison, New Jersey, and its successors and assigns or (ii) 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.

-12-

**"2019 Project"** shall mean the financing of the costs of: (i) the development and construction of an approximately 55,000 square foot educational facility, including classrooms, offices and administrative space for the Technical School ("Facility"); (ii) the acquisition of certain real property in the County on which the Facility will be constructed; (iii) the costs of equipping of the Facility; (iv) all other costs and expenses necessary for or related to the development, construction and equipping of the Facility; (v) capitalized interest on the Series 2019 Bonds (as hereinafter defined), if any; and (vi) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2019 Bonds, including the payment of a municipal bond insurance premium, if any, all as more particularly described in Exhibit H to this Loan Agreement, as may be amended, supplemented and restated from time to time.

**"Underwriter"** shall mean Roosevelt & Cross, Incorporated.

**"Unit"** shall mean, with respect to each Item, an individual Improvement or piece of Equipment which is designated as being a Unit of such Item of Improvement or Equipment.

**"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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-13-

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**SECTION 2.01. County's Covenants, Representations and Warranties.** The County covenants, 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, under the County Bond and under any other Loan Documents to which it is a party.

(b) The: (i) adoption of the County Bond Ordinance and County Authorizing Resolution; (ii) issuance and sale of the County Bond to the Authority pursuant to the County Bond Ordinance and the County Authorizing Resolution; and (ii) entering into of this Loan Agreement and the Continuing Disclosure Agreement by the County and the performance of its obligations thereunder and hereunder have been duly authorized by all necessary action of its governing body and do not violate or constitute, on the part of the County, a violation of, breach of or default under any agreement, indenture, mortgage, deed of trust, instrument or other document by which the County or any of its properties are bound or with respect to any law, statute, rule or regulation or, to the knowledge of the County, order of any court or governmental agency.

(c) The proceedings of the Board of Chosen Freeholders of the County approving this Loan Agreement, the Continuing Disclosure Agreement and the County Bond, authorizing the execution, attestation and delivery of this Loan Agreement, the Continuing Disclosure Agreement and the County Bond and authorizing the sale of the County Bond to the Authority were, to the extent so required, duly published in accordance with applicable State law, and have been duly and lawfully adopted in accordance with the Act, the Local Bond Law and other applicable State law at a meeting or meetings that were duly called pursuant to required public notice and held in accordance with applicable State law and at which quorums were present and acting throughout.

(d) For the payment of the principal of and interest on the County Bond, the County has the power and is obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable property within the jurisdiction of the County without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency or other similar laws or equitable principles affecting generally the enforcement of creditors' rights.

(e) Except as disclosed in the Official Statement of the Authority, dated December \_\_, 2018, pertaining to the offering and sale of the Series 2019 Bonds ("Official Statement"), 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 County, threatened, or any basis therefor, wherein an unfavorable decision, ruling or finding would: (i) result in any material adverse change in the financial condition, properties or operations of the County that would materially adversely affect the ability of the County to make Loan Payments or payments under the County Bond; (i) materially adversely affect the ability of the County to

-14-

perform its obligations under this Loan Agreement and the County Bond; (iii) materially impair the 2019 Project; (iv) materially adversely affect the transactions contemplated by this Loan Agreement or the County Bond; or (v) adversely affect the validity or enforceability of the Series 2019 Bonds, the Bond Resolution, this Loan Agreement, the County Bond or any other documents related to the 2019 Project.

(f) 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: (i) any law, rule, regulation or, to the knowledge of the County, order of any court or governmental agency; or (ii) any agreement, instrument or evidence of indebtedness to which the County 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 adoption of the County Bond Ordinance, the issuance and sale of the County Bond to the Authority, the undertaking of the 2019 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.

(g) All statements, representations and warranties made by the County in connection with the financing of the 2019 Project, the issuance of the Series 2019 Bonds and the County Bond, or the Loan Documents or in any other document, agreement, certificate or instrument delivered or to be delivered by the County 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 2019 Bonds, and no information has been or will be omitted which would make any of the foregoing misleading or incomplete.

(h) There has been no material adverse change in the financial condition or operation of the County not reflected in any financial statement, certificate or any other document submitted by the County to the Authority.

(i) No legislation has been enacted which in any way adversely affects the execution and delivery of this Loan Agreement or the adoption of the County Bond Ordinance or the creation, organization or existence of the County or the titles to office of any officials thereof or the power of the County to carry out its obligations under this Loan Agreement or the County Bond.

(j) Except as otherwise disclosed in the Official Statement, the County 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 or the County Bond.

(k) The County 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 County, any judgment, writ, injunction or order of any court or governmental agency.

(l) The County 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

-15-

Agreement or the County Bond to be invalid or unenforceable in whole or in part or which would cause the interest income on any Series of Tax-Exempt Obligations to be includable in the gross income of the Holders thereof under the Code.

(m) The County shall annually appropriate moneys for the 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 2019 Bonds, and Additional Loan Payments).

(n) Any certificate signed by an Authorized County Representative and delivered to the Trustee or the Authority shall be deemed a representation and warranty by the County to the Trustee or the Authority, as the case may be, as to the statements made therein.

**SECTION 2.02. Technical School's Representations and Warranties.** The Technical School represents and warrants that:

(a) The Technical School is a duly formed and validly existing public body corporate and politic organized pursuant to the provisions of N.J.S.A. 18A:54-1 *et seq.*

(b) The Constitution and the laws of the State authorize the Technical School to establish, acquire, construct, operate and maintain the 2019 Project, to enter into this Loan Agreement and the transactions contemplated hereby, and to carry out its obligations under this Loan Agreement.

(c) The execution and delivery by the Technical School of this Loan Agreement, and the compliance by the Technical School with the provisions hereof and the undertaking of the 2019 Project, will not conflict with or constitute on the part of the Technical School a violation of, breach of or default under its charter, by-laws or any indenture, mortgage, deed of trust, or other agreement or instrument to which the Technical School is bound or, to the knowledge of the Technical School, any order, rule, or regulation of any court or governmental agency or body having jurisdiction over the Technical School or any of its activities or properties, and all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated hereby have been obtained.

(d) The officers of the Technical School executing this Loan Agreement have been duly authorized to execute and deliver this Loan Agreement under the terms and provisions of a resolution of the governing body of the Technical School adopted on October 11, 2018.

(e) There are no lawsuits or administrative or other proceedings pending or, to the best of the Technical School's knowledge, threatened, which contest the Technical School's authority for, its authorization or performance of, or its expenditure of funds pursuant to this Loan Agreement.

(f) Information supplied and statements made by the Technical School in any financial statements or 2019 Project budget prior to or contemporaneously with this Loan Agreement present such information fairly and accurately.

-16-

(g) There is no action, suit, proceeding or investigation at law or in equity by or before any court, public board or body, pending against or directly affecting the Technical School or, to the best of the Technical School's knowledge after due inquiry, threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Bond Resolution which in any way would adversely affect the validity of said documents, or any agreement or instrument to which the Technical School is a party and which is used or contemplated for use in consummation of the transactions contemplated hereby and thereby.

(h) No legislation has been enacted which in any way adversely affects the issuance or delivery of the Series 2019 Bonds or any additional Series of Refunding Bonds (and the funds pledged as security therefor including, without limitation, funds expected to be made available by the State pursuant to the Educational Facilities Construction and Financing Act) when issued and delivered, or the execution and delivery of this Loan Agreement, or the creation, organization or existence of the Technical School or the titles to office of any officers thereof, or the powers of the Technical School to carry out its obligations under this Loan Agreement.

(i) The undertaking of the 2019 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 Technical School will cause the 2019 Project to be acquired in accordance with all federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality. The Technical School will acquire and complete the 2019 Project pursuant to this Loan Agreement.

(j) The Technical School shall not bring, allow, use or permit upon the 2019 Project or generate or create at or emit or dispose from the 2019 Project any toxic or hazardous gaseous, liquid or solid materials or waste including, without limitation, materials or substances having characteristics of ignitability, corrosivity, reactivity or extraction procedure toxicity or substances or materials which are listed on any of the United States Environmental Protection Agency's list of hazardous wastes which are identified in Appendix "A" of N.J.A.C. 7:1E as the same may be amended from time to time (collectively, "Hazardous Wastes"), other than in accordance with applicable Environmental Laws (as hereinafter defined). In the event any such Hazardous Wastes are brought or deposited upon the 2019 Project, the Technical School shall cause the removal of same in such manner as is prescribed by all applicable Environmental Laws. The Technical School shall comply, at its sole cost, with all Environmental Laws and shall indemnify and hold the Authority and the County harmless from any claims, liabilities, costs or expenses incurred or suffered by the Authority and/or the County arising from such bringing, allowing, using, permitting, generating, creating or omitting or disposing on the 2019 Project. The Technical School's indemnification and hold harmless obligations include, without limitation: (i) claims, liabilities, costs or expenses resulting from or based upon administrative, judicial (civil or criminal) or other actions, legal or equitable, brought by any private or public Person under any Environmental Laws; (ii) claims, liabilities, costs or expenses pertaining to the clean-up or containment of Hazardous Wastes, the identification of the pollutants in the Hazardous Waste, the identification of the scope of any environmental contamination, the removal of pollutants from soils, riverbeds or aquifers, the provision of any alternative public drinking water source, or the long term monitoring of ground water and surface waters; and (iii)

-17-

all costs of defending such claim including reasonable counsel fees. Notwithstanding any contrary provision herein, the provisions of this indemnity shall survive the Loan Term.

Should the Division of Responsible Party Site Remediation ("Division") of the State Department of Environmental Protection ("NJDEP") or any other division of NJDEP determine that a cleanup plan be prepared, and that a cleanup be undertaken because of any spills or discharges of hazardous substances or wastes at the 2019 Project which occur during the term of this Loan Agreement, then the Technical School shall, at the Technical School's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans.

The Technical School, the County and the Authority recognize that no ISRA (as hereinafter defined) approvals have been obtained as of the commencement of this Loan Agreement. Therefore, in the event ISRA compliance becomes necessary with respect to the 2019 Project, the Technical School shall, at the Technical School's own expense, comply with the Industrial Site Recovery Act, *N.J.S.A. 13:1K-6 et seq.* and the regulations promulgated thereunder ("ISRA"). The Technical School shall also provide all information within the Technical School's control requested by the Authority, the County or the Division for preparation of non-applicability affidavits should the Authority, the County or NJDEP so request, and the Technical School shall promptly execute such affidavits should the information contained therein be found by the Technical School to be complete and accurate.

"Environmental Laws" means federal, State and local laws and regulations, judgments, orders and permits governing the protection of the environment including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. 9601 *et seq.*), the Resource, Conservation and Recovery Act, as amended (42 U.S.C. 6901 *et seq.*), the Clean Air Act (42 U.S.C. 7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. 2601 *et seq.*), and Safe Drinking Water Act (42 U.S.C. 300f through 300j), the Industrial Site Recovery Act (*N.J.S.A. 13:1K-6, et seq.*), the New Jersey Spill Compensation and Control Act (*N.J.S.A. 58:10-23.11 et seq.*), and any subsequently enacted statutory provisions authorizing equivalent causes of action for claims arising from or related to releases, discharges, threatened releases, or threatened discharges of hazardous substances.

(k) The Technical School shall apply the proceeds from the sale of the Series 2019 Bonds for the respective purposes specified and in the manner provided for in this Loan Agreement.

(l) Any certificate signed by an Authorized Technical School Representative and delivered to the Trustee, the Authority or the County shall be deemed a representation and warranty by the Technical School to the Trustee, the Authority or the County, as the case may be, as to the statements made therein.

**SECTION 2.03. 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 2019 Bonds in accordance with the Act and to use the

proceeds from the sale of the Series 2019 Bonds to make the Loan to the County and the Technical School.

(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 2019 Bonds, the County Bond, the Bond Resolution and any and all other agreements relating thereto and to issue, sell and deliver the Series 2019 Bonds as provided herein and in the Bond Resolution.

(c) The Authority has, pursuant to the Bond Resolution and the Delegation Resolution, each duly adopted by the Authority and presently in full force and effect, duly authorized the execution, delivery and due performance of this Loan Agreement and the Series 2019 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 Delegation Resolution, the Series 2019 Bonds, the County Bond, and this Loan Agreement. All approvals of the Authority necessary in connection with the foregoing have been received.

(d) The Series 2019 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 the County Bond and pledged thereto by the Bond Resolution. The Series 2019 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 the County (to the extent of its Loan Payments which are secured by the County Bond), 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 the County (to the extent of its Loan Payments which are secured by the County Bond), or be or constitute a pledge of the faith and credit of the State or of any political subdivision thereof other than the County (to the extent of its Loan Payments which are secured by the County Bond).

(e) The final adoption of the Bond Resolution and the execution and delivery of this Loan Agreement and the Series 2019 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 2019 Bonds and the Loan Payments and other amounts 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 2019 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 with respect to any Series of Tax-Exempt Obligations as set forth herein.

(h) Any certificate signed by an Authorized Authority Representative and delivered to the Trustee, the Technical School or the County shall be deemed a representation and warranty by the Authority to the Trustee, the Technical School or the County, as the case may be, as to the statements made therein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

### ARTICLE III

#### ISSUE OF SERIES 2019 BONDS; LENDING CLAUSE

**SECTION 3.01. Issue of the Series 2019 Bonds; Lending Clause.** (a) The Authority shall issue, sell and deliver the Series 2019 Bonds in accordance with the terms of the Bond Resolution and the Award Certificate. The Authority, in its sole discretion, may, but shall not be required to, issue Refunding Bonds for any of the purposes as permitted by the Bond Resolution.

(b) The Authority agrees to lend to the County and the Technical School, and the County and the Technical School agree to borrow from the Authority, the proceeds of the Series 2019 Bonds (including income earned on the investment of Series 2019 Bond proceeds), to be used in the manner prescribed herein and in the Bond Resolution to: (i) finance the Costs of the 2019 Project; (ii) pay capitalized interest on the Series 2019 Bonds; and (iii) pay certain Costs incidental to the issuance and sale of the Series 2019 Bonds and the County Bond.

(c) Upon original issuance of the Series 2019 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, if any, on the Series 2019 Bonds for deposit in the 2019 Account in the Debt Service Fund; (ii) an amount representing costs of issuance on the Series 2019 Bonds and the County Bond, including the Initial Authority Financing Fee, for deposit in the 2019 Account in the Operating Fund and paid to the Authority in accordance with Section 505(2) of the Bond Resolution; and (iii) the remaining Series 2019 Bond proceeds shall be deposited into the 2019 Account in the Acquisition Fund 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 the Underwriter of the Series 2019 Bonds and, accordingly, all covenants, agreements and representations on the part of the County, the Technical School 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 2019 Bonds. As such, any of the Funds created under the Bond Resolution and any moneys held therein as well as the County Bond shall be assigned by the Authority to the Trustee to secure repayment of the Series 2019 Bonds. The County and the Technical School, by execution hereof, each consent to such assignment for the benefit of the Bondholders to secure repayment of the Series 2019 Bonds.

**SECTION 3.03. Compliance With Bond Resolution.** The County and the Technical School each covenant and agree to do all things within their respective 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 OF THE 2019 Project

**SECTION 4.01. Construction of the 2019 Project.** (a) The Authority, the County and the Technical School have agreed that the Technical School shall construct the 2019 Project in accordance with all statutory and regulatory requirements. The Technical School agrees that it will use its best efforts to cause such acquisition, construction, equipping and furnishing of the 2019 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, construction, equipping and furnishing is delayed there shall be no diminution in or postponement of the amounts payable to the Authority by the County under this Loan Agreement and under the County Bond.

(b) The Technical School shall be responsible for the letting of contracts in compliance with the Technical School Contracts Law (*N.J.S.A. 18A:54-30 et seq.*) and for conducting the due diligence on the 2019 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, construction, equipping and furnishing of the 2019 Project.

(c) The Technical School acknowledges that the Authority and the County each make no warranties or representations and accept no liabilities or responsibilities with respect to or for the adequacy, sufficiency or suitability of or defects in the 2019 Project or any contracts or agreements with respect to the 2019 Project. In no event shall the Authority or the County be liable for any damages, incidental, direct, indirect, consequential or otherwise in connection with or arising out of the undertaking of the 2019 Project or this Loan Agreement.

**SECTION 4.02. Deposits to Acquisition Fund.** The net proceeds of the Series 2019 Bonds, less the proceeds deposited in the 2019 Account in the Debt Service Fund, if any, and the 2019 Account in the Operating Fund pursuant to the provisions of the Bond Resolution and the written order of the Authority as to delivery of the Series 2019 Bonds pursuant to Section 202(1)(b) of the Bond Resolution, will be deposited in the 2019 Account in the Acquisition Fund established under the Bond Resolution and shall be used by the Technical School, the Authority and the County for payment of Costs of the 2019 Project upon requisition by the Technical School as provided in Section 4.03 of this Loan Agreement. The County and the Technical School agree that the sums so requisitioned from the 2019 Account in the Acquisition Fund will be used to pay the Costs of the 2019 Project. If for any reason the amount in the 2019 Account in the Acquisition Fund proves insufficient to pay all Costs of the 2019 Project, the County and/or the Technical School shall pay the remainder of such Costs in accordance with the provisions of Section 4.11 hereof. The County shall have the right to enforce payments from the 2019 Account in 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 2019 Account in the Acquisition Fund shall be held for the benefit of Holders of the Series 2019 Bonds in accordance with the provisions of the Bond Resolution and the Loan Documents.

-22-

herein, which Completion Certificate shall evidence completion of the 2019 Project, and in compliance with the provisions of Section 503(4) of the Bond Resolution shall state: (i) that such 2019 Project is complete or has been substantially completed; (ii) the date of such completion of the 2019 Project; (iii) the Cost of all labor, services, materials and supplies used in the 2019 Project have been paid or will be paid from amounts retained by the Trustee, at the Technical School's direction, for any Cost of the 2019 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 2019 Project or any portion thereof, not then due and payable or, if due and payable, not yet paid; (iv) the 2019 Project is an authorized "project" under the Act; and (v) all permits, including one or more Certificates of Occupancy, if required, necessary for the utilization of the 2019 Project have been obtained and are in effect. Notwithstanding the foregoing, the 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 2019 Account in the Acquisition Fund thereafter (except for amounts therein sufficient to cover Costs of the 2019 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 2019 Account in the Acquisition Fund proves insufficient to pay all Costs of the 2019 Project, the County and the Technical School shall pay the remainder of such Costs in accordance with the provisions of Section 4.11 hereof.

**SECTION 4.06. Series 2019 Bonds Not to Become Arbitrage Bonds.** As provided in Article VI of the Bond Resolution, the Trustee will invest moneys held by the Trustee in accordance with written instructions from time to time received from any Authorized County Representative. The County and the Technical School each hereby covenant to the Authority and to the Holders of the Series 2019 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 2019 Bonds which would cause the Series 2019 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 2019 Bonds.

**SECTION 4.07. Restriction on Use of Acquisition Fund.** The Technical School shall not use or direct the use of proceeds of a Series of Bonds issued as Tax-Exempt Obligations deposited into the applicable Account in the Acquisition Fund in any way, or take or omit to take any other action, so as to cause the interest on any Series of Tax-Exempt Obligations 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 County and/or the Technical School and addressed to the Trustee, the Authority, the County and the Technical School and being satisfactory to the Authority, the Technical School shall reasonably expect to have completed the 2019 Project with due diligence and caused all of the proceeds of the Series 2019 Bonds to be expended for Costs of the 2019 Project or to be transferred from the 2019 Account in 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 2019 Bonds.

-24-

**SECTION 4.03. Payments From Acquisition Fund.** The Authority has authorized and directed the Trustee to make payments from the 2019 Account in the Acquisition Fund to pay the Costs of the 2019 Project, or to reimburse the Technical School, the County and/or the Authority for any Cost of the 2019 Project paid by any of them upon receipt of a requisition signed by an Authorized Technical School Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) that such payment is to be made from the 2019 Account in 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 Technical School, the County and/or the Authority for a reimbursable advance, the name and address of the Person to whom such advance was made together with proof of payment by the Technical School, the County and/or the Authority; (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 Technical School, the County and/or the Authority; (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 2019 Project, unpaid or unreimbursed, and is a proper charge against the 2019 Account in the Acquisition Fund and has not been the basis of any previously paid withdrawal or requisition; (vii) that the public contracts bidding laws, prevailing wage laws and affirmative action requirements applicable to the contract pursuant to which payment is being requested have been complied with; (viii) if such payment is a reimbursement to the Technical School, the County and/or the Authority for Costs or expenses incurred by reason of work performed or supervised by officers or employees of the Technical School, the County and/or the Authority, that the amount to be paid does not exceed the actual cost thereof to the Technical School, the County and/or the Authority; (ix) that no uncured Event of Default has occurred under this Loan Agreement or the Bond Resolution; (x) the Authority, the County and/or the Technical School 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 (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 County Technical School agrees with the Authority and the County as a condition precedent to the disbursement of any portion of the 2019 Account in 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 and the County each agree to cooperate with the Technical School in furnishing to the Trustee any documents that are required to effect payments out of the 2019 Account in 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 2019 Account in the Acquisition Fund available for payment under the terms of the Bond Resolution.

**SECTION 4.05. Completion Date.** Upon completion of the 2019 Project, the Technical School shall deliver to the Trustee, the County and the Authority the Completion Certificate, the form of which is annexed hereto as Exhibit C and incorporated by this reference

-23-

**SECTION 4.09. Completion of 2019 Project; Excess Bond Proceeds.** When the Technical School certifies to the Trustee, the County and the Authority, in the manner provided in Section 4.05 hereof and in Section 503(4) of the Bond Resolution, that the acquisition, construction, equipping and furnishing of the 2019 Project is complete, excess Series 2019 Bond proceeds remaining in the 2019 Account in the Acquisition Fund shall be applied by the Trustee, at the written direction of an Authorized County Representative, in accordance with the provisions of Section 503(4) of the Bond Resolution. If for any reason the amount in the 2019 Account in the Acquisition Fund proves insufficient to pay all Costs of the 2019 Project, the County and the Technical School 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 2019 Project, the Technical School 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 Technical School agrees to advise the Authority and the County, in writing, of the steps it intends to take in connection with any such default. The Technical School may, in good faith, with notice to the Authority and the County and at the cost and expense of the Technical School, prosecute or defend any action or proceeding or take other action involving any such party which the Technical School deems reasonably necessary and which may be required for the successful completion of the 2019 Project, and in such event, the Authority and the County hereby agree to cooperate fully with the Technical School. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing shall be deposited into the 2019 Account in the Acquisition Fund and shall be used to complete the 2019 Project or shall be deposited into the 2019 Account in the Proceeds Fund and shall be applied by the Trustee as a credit toward the County'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 County.

**SECTION 4.11. Sufficiency of Series 2019 Bond Proceeds; Completion of the 2019 Project.** (a) The County and the Technical School agree that the proceeds of sale of the Series 2019 Bonds are expected to be sufficient to pay the estimated Costs of the 2019 Project. In the event the Costs of the 2019 Project shall exceed the amount available to the Technical School in the 2019 Account in the Acquisition Fund from such Series 2019 Bond proceeds, the County is obligated to pay if such portions of the 2019 Project are undertaken by the Technical School, with the prior approval of the County, as additional payments under Section 5.02(b)(ii) hereof, such sums as may be required to pay such Costs of the 2019 Project in excess of the amount available to the Technical School from the proceeds of the sale of the Series 2019 Bonds out of funds legally available therefor. Payment of such additional amounts shall be made by the County or the Technical School 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 County or the Technical School to the Trustee for deposit in the 2019 Account 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 County or the Technical School pay to the Trustee sums needed to fund the balance of the Costs of the 2019 Project in accordance with the provisions of Section 4.11(a) hereof, the Technical School shall complete Exhibit E attached hereto to reflect:

-25-



(i) the amount of moneys to be withdrawn from the 2019 Account in the Acquisition Fund to pay the Costs of the 2019 Project; (ii) the amount of money forwarded to the Trustee by the County for deposit in the 2019 Account in the Acquisition Fund to make up the deficiency in such Costs of the 2019 Project; (iii) the total Cost of the Item being requisitioned; and (iv) such other information required to be completed therefor as contained in Exhibit E, which certificate shall be completed by the Technical School and delivered and filed with the Authority, the County and the Trustee.

**SECTION 4.12. Substitution by the Technical School.** The Technical School is hereby granted the following options of substitution or addition of Equipment or Improvements as originally set forth in this Loan Agreement:

(a) Prior to the Technical School's delivery of a Completion Certificate for any Item in the manner provided in Section 4.05 hereof, the Technical School may, for any reason, elect to substitute one or more other Items of Equipment or Improvements for the Items that were previously contemplated; provided, however, that no such substitution shall be made unless the Trustee shall have received: (i) a Certificate of an Authorized Technical School Representative, approved in writing by an Authorized County Representative, expressing the Technical School's intent to substitute Equipment or Improvements pursuant to this Loan Agreement and to the effect that (A) the aggregate value of all Items of Equipment and Improvements financed with proceeds of the Series 2019 Bonds for which a Completion Certificate has been delivered, plus the value of the new Items of Equipment and Improvements to be purchased with proceeds of the Series 2019 Bonds is equal to at least 100% of the amount of Series 2019 Bond proceeds initially deposited in the 2019 Account in the Acquisition Fund established pursuant to the Bond Resolution for the 2019 Project, and (B) the estimated weighted average useful life of all Items of Equipment and Improvements to be acquired or constructed hereunder with proceeds of the Series 2019 Bonds after the substitution is equal to or greater than the weighted average useful life of all Items of Equipment and Improvements at the time of issuance of the Series 2019 Bonds; (ii) an amendment to the budget for the 2019 Project approved by the Board of Trustees of the Technical School, a copy of the amended County Bond Ordinance finally adopted by the Board of Chosen Freeholders of the County approving said amendment and a new Exhibit H to this Loan Agreement, as the case may be, setting out the new Items of Equipment to be acquired and/or Improvements to be constructed; (iii) an opinion of counsel to the Technical School that is satisfactory to the Authority to the effect that each of such substitutions and this Loan Agreement, as supplemented thereby, are in compliance with all applicable laws and that the financing of such new Items falls within the corporate powers of the Authority; (iv) an opinion of counsel to the County (which may include bond counsel to the County) as to the valid adoption of any amendment to the County Bond Ordinance described in clause (ii) above, and (v) an opinion of Bond Counsel to the effect that such substitution will not adversely affect the exclusion of interest on any Series of Tax-Exempt Obligations from the gross income of the Owners thereof for federal income taxation purposes.

(b) The Technical School may not elect to substitute or exchange Equipment or Improvements for an Item or Unit pursuant to this Loan Agreement for which the Technical School has furnished to the Trustee a Completion Certificate.

(c) To the extent excess Series 2019 Bond proceeds remain in the 2019 Account in the Acquisition Fund established for the 2019 Project as set forth in the Bond

-26-

Resolution after all of the Items of Equipment and Improvements set forth in the budget for the 2019 Project as more particularly described in Section 1 of the County Bond Ordinance and in Exhibit H hereto to be financed with proceeds of the Series 2019 Bonds have been acquired or completed, the Technical School may apply such excess Series 2019 Bond proceeds to the purchase of additional Items but such application may only occur if the Trustee shall have received: (i) an amendment to the budget for the 2019 Project approved by the Board of Trustees of the Technical School, a copy of the amended County Bond Ordinance finally adopted by the Board of Chosen Freeholders of the County approving said amendment, and a new Exhibit H to this Loan Agreement, as the case may be, setting out the additional Items; (ii) a Certificate of an Authorized Technical School Representative, approved in writing by an Authorized County Representative, expressing the Technical School's intent to add Items pursuant to this Loan Agreement and to the effect that the aggregate value of all Items for which a Completion Certificate has been delivered (exclusive of these additional contemplated Items) when added to the value of the new Items, will be equal to at least 100% of the amount of Series 2019 Bond proceeds initially deposited in the 2019 Account in the Acquisition Fund established for the 2019 Project; (iii) an opinion of Counsel to the Technical School that is satisfactory to the Authority to the effect that each such additional Item and this Loan Agreement as supplemented thereby is in compliance with all applicable laws and that the financing of such new Items falls within the corporate powers of the Authority; (iv) an opinion of counsel to the County (which may include bond counsel to the County) as to the valid adoption of any amendment to the County Bond Ordinance described in clause (i) above; and (v) an opinion of Bond Counsel to the effect that each such additional Item will not adversely affect the exclusion of interest on any Series of Tax-Exempt Obligations from the gross income of the Owners thereof for federal income taxation purposes.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-27-

## 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 2019 Bonds and any and all other Costs of the Authority with respect to the 2019 Project shall have been fully paid or provision for the payment thereof shall have been made as provided in the Bond Resolution, and the County and the Technical School shall have satisfied and performed all other covenants, agreements and obligations made or undertaken by the County and the Technical School, respectively, under this Loan Agreement, at which time the Authority shall release and cancel this Loan Agreement.

The County 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 and interest on the County Bond, which County Bond shall secure the County's Loan Payments and all other amounts due under this Loan Agreement according to the terms hereof.

**SECTION 5.02. Payments.** (a) Loan Payments. The County 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 2019 Bonds. The County 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 County 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 County's Loan Payment obligation which is to be applied to the Debt Service payable on the Series 2019 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 2019 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 2019 Account in the Debt Service Fund established by and maintained under the Bond Resolution.

(b) Additional Payments. In addition to the Loan Payments required by paragraph (a) of this Section 5.02:

(i) The County and the Technical School 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 County and the Technical School. Specifically, but not by way of limitation, the County and the Technical School agree 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

-28-

Series of Bonds until such time as such Series of Bonds are no longer Outstanding, the Annual Authority Administrative Fee;

(ii) The County and the Technical School shall pay to the Trustee amounts required to be paid by the County pursuant to Section 4.11 hereof; and

(iii) In the event the County and/or the Technical School 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 County and/or the Technical School shall pay interest (to the extent permitted by law) on such overdue Loan Payment or Additional Loan Payment at the highest rate per annum borne by any of the Series 2019 Bonds until paid, which interest shall be paid directly to the Authority.

(c) Payment Credits. Pursuant to the provisions of the Bond Resolution, the County and the Technical School shall be notified at least annually (not later than January 1 of each year) by the Trustee, in writing, of: (i) the amounts arising from investment earnings; (ii) the amounts deposited in the 2019 Account in the Debt Service Fund from the 2019 Account in the Acquisition Fund representing excess Series 2019 Bond proceeds pursuant to Section 4.09 hereof and Section 503(4) of the Bond Resolution; (iii) proceeds of any insurance award as a result of damage or condemnation of the 2019 Project pursuant to Sections 7.06 and 7.07 hereof; and (iv) all other amounts deposited in the 2019 Account 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 County's Loan Payment obligations. In the event a dispute arises between the Authority and the County and/or the Technical School with respect to the amount of the Loan Payments due and owing by the County or the amount of payment credits to be applied toward the Loan Payments of the County and/or the Technical School, 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 County is obligated to pay all amounts which constitute Loan Payments as set forth in Exhibit A hereto and the County and/or the Technical School are obligated to pay all amounts which constitute Additional Loan Payments which are due under this Loan Agreement, less any payment credits provided by the terms of this subsection (c). The obligations of the County under the County Bond shall be deemed to be amounts payable under this Section 5.02. Each Loan Payment satisfied by a direct payment by the County to the Trustee shall be deemed to be a credit against the corresponding obligation of the County under this Section 5.02 and shall fulfill the County's obligation to pay such amount hereunder and under the County Bond.

**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.

-29-

**SECTION 5.04. County Loan Payment Obligations Unconditional.** The obligations of the County and/or the Technical School to make payments required under Section 5.02 hereof and all other payments required under this Loan Agreement, as well as to perform their respective 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 2019 Project or by the Authority under this Loan Agreement or under any other agreement, if any, between the County and/or the Technical School 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 2019 Project, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2019 Project, the taking of any part of the 2019 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 County and the Technical School hereunder will be paid in full when due without any delay or diminution whatsoever. Notwithstanding the above, any payment made under protest by the County and/or the Technical School to the Authority shall be made without prejudice to the right of the County and/or the Technical School 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 County and the Technical School of their respective obligations under this Loan Agreement and the incurring of any liabilities of the County and the Technical School under this Loan Agreement including, without limitation, the obligation for the payment of all Loan Payments, Additional Loan Payments and all other amounts required to be paid by the County and/or the Technical School under this Loan Agreement is a direct and general obligation secured by the County Bond for which the full faith and credit of the County is thereby pledged, which obligation is not subject to County appropriation and, unless the Loan Payments and such other amounts required to be paid by the County under this Loan Agreement are paid from other sources, the County shall be obligated, pursuant to the provisions of the County Bond, to levy *ad valorem* taxes on all taxable property within the jurisdiction of the County without limitation as to rate or amount.

**SECTION 5.05. Prepayments.** To the extent any Series of the Series 2019 Bonds are subject to redemption under the terms of the Series 2019 Bonds and the Bond Resolution, the County shall have the right to prepay in full or in part the unpaid balance of the Loan, together with the Redemption Price, if any, on such Series of the Series 2019 Bonds, and accrued interest to the redemption date, upon written notice to the Trustee and the Authority of its intention to prepay all or a portion of the Loan, which notice shall comply, in all respects, with the provisions of Sections 402 and 405 of the Bond Resolution. The County 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 such Series of the Series 2019 Bonds in accordance with Section 509 of the Bond Resolution.

In addition, pursuant to Section 205 of the Bond Resolution, the Authority shall have the right to effectuate a refunding of any Series of the Series 2019 Bonds through the issuance of Refunding Bonds, and the County shall consent, in a writing addressed to the Authority, to the issuance of such Refunding Bonds prior thereto.

-30-

**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 2019 Bonds remain Outstanding and payment therefor has been provided for in full, the Authority shall direct the payment to the County 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 County shall immediately reimburse the Authority therefor.

**SECTION 5.07. Indemnification of Authority.** Both during the Loan Term and thereafter, to the extent permitted by law, the County and the Technical School shall jointly and severally indemnify and hold the Authority and the Trustee harmless against, and the County and the Technical School shall pay, any and all liability, loss, cost, damage, claim, 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 or the Trustee, their respective members, professionals, officers, agents, servants or employees, which the Authority or Trustee 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 Technical School relating to the 2019 Project, or arising out of the use, operation or maintenance of the 2019 Project pursuant to this Loan Agreement; or (ii) other than as a result of the gross negligence or willful misconduct of the Authority or Trustee, their respective members, professionals, officers, agents, servants or employees, arising out of or caused by any untrue or misleading statement of a material fact relating to the County in Appendix A of the Official Statement or any omission of any material fact relating to the County in Appendix A in the Official Statement. It is mutually agreed by the County, the Technical School and the Authority that neither the Authority nor the Trustee, nor their respective 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 County and the Technical School shall save the Authority and the Trustee 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 or Trustee's gross negligence or willful misconduct. This provision shall survive the end of the Loan Term and the final maturity of the Series 2019 Bonds.

The County and the Technical School, at their own cost and expense, shall defend any and all such claims, suits and actions which may be brought or asserted against the Authority or the Trustee, their respective 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 County, the Technical School, 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 County and the Technical School agree that each shall give the Authority and the Trustee prompt notice, in writing, of the County's and the Technical School's actual and/or constructive knowledge of the filing of each such claim and the institution of each such suit or action.

The Authority and the Trustee each agree that it:

-31-

(i) shall give the County and the Technical School prompt notice, in writing, of the Authority's or Trustee'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 County and the Technical School, as applicable, adjust, settle or compromise any such claim, suit or action; and

(iii) shall permit the County and the Technical School, as applicable, to assume full control of the adjustment, settlement, compromise or defense of each such claim, suit or action. Notwithstanding the foregoing, the County and the Technical School, as applicable, shall keep the Authority and the Trustee informed as to the progress of any suit, claim or action, and the County and the Technical School, as applicable, shall not reach a final settlement, adjustment or compromise without the Authority's or the Trustee's, as applicable, prior approval, which approval shall not be unreasonably withheld.

Any cost for attorneys' fees in situations where it is necessary for the Authority or the Trustee to engage its own attorneys, experts' testimony costs and all costs to defend the Authority or the Trustee or any of their respective members, professionals, officers, agents, servants or employees with respect to matters arising hereunder shall be paid to the Authority or the Trustee, as applicable, by the County and/or the Technical School, as applicable, 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 2019 Bonds of the Authority issued for such purposes or from other funds received by the Authority under this Loan Agreement and the County Bond and available for such purposes.

**SECTION 5.09. Financial Reports.** The County 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 County 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 2019 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 Technical School, the County, 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 2019 Account in the Proceeds Fund and may be applied toward the Costs of the 2019 Project or as a credit toward the Loan

-32-

Payment obligations of the County hereunder in accordance with the provisions of Section 505(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 County and the Technical School 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. County Notice: Appropriation for Loan Payments.** The County shall cause the officials of the County responsible for preparing and presenting to the Board of Chosen Freeholders the budget request for each Fiscal Year to include in each such annual budget request the Loan Payments scheduled to become due in such Fiscal Year. The County shall give the Authority and the Trustee immediate written notice (but in no event later than one (1) Business Day thereafter) of: (i) the first reading of any budget ordinance that does not include sufficient appropriation to pay the Loan Payments due in such Fiscal Year; or (ii) the occurrence of any other event which reasonably indicates that an appropriation for Loan Payments may not be included in a County budget.

By execution hereof, the County expressly acknowledges the Authority's right to bring an action for immediate *ex parte* injunctive relief or other judicial proceeding to compel the County to provide payments pursuant to the County Bond.

**SECTION 5.13. Secondary Market Disclosure.** The County covenants that, as an Obligated Person pursuant to Rule 15c2-12(b)(5) promulgated by the Securities and Exchange 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 ("Rule"), 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 County to file budgetary, financial and operating data on an annual basis and notices of the occurrence of certain enumerated Listed Events (as defined in the Continuing Disclosure Agreement) as required to comply with and in accordance with the provisions of the Rule.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-33-

ARTICLE VI

**SPECIAL COVENANTS**

**SECTION 6.01. Compliance With Laws and Regulations.** The Technical School 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 Technical School, the 2019 Project or the use or manner of use of the 2019 Project provided that the Technical School 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 2019 Project and provided further that such contest will not result in a forfeiture or reversion of title. The Technical School will also observe and comply with the requirements of all policies and arrangements of insurance at any time in force with respect to the 2019 Project provided that the Technical School 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 2019 Project or result in a forfeiture or reversion of title.

**SECTION 6.02. Covenant Against Waste.** The Technical School covenants not to do or suffer or permit to exist any waste, damage, disfigurement or injury to, or public or private nuisance upon, the 2019 Project.

**SECTION 6.03. Right of Inspection.** The Technical School covenants and agrees to permit the Authority, the County and the authorized agents and representatives of the Authority and the County, respectively, to inspect the properties comprising the 2019 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 or the County, except that entry may be made at any time without notice in the event of an emergency.

**SECTION 6.04. Condition of the 2019 Project.** The Authority makes no representations whatsoever in connection with the condition of the 2019 Project, and the Authority shall not be liable for any defects therein.

**SECTION 6.05. Assignment of Loan Agreement and County Bond by the County.** This Loan Agreement and the County Bond may not be assigned in whole or in part by the County (or the Technical School with respect to the Loan Agreement only) 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 Tax-Exempt Obligations. No such disposition or assignment shall relieve the County from primary liability for any of its obligations hereunder and thereunder (or the Technical School with respect to its obligations hereunder), and in the event of any such disposition or assignment the County shall continue to remain solely liable for the payments specified in this Loan Agreement and in the County Bond and for performance and observance of the other agreements on its part herein and therein provided (or the Technical School with respect to the performance and observance of the agreements on its part herein provided).

-34-

**SECTION 6.09. Compliance With Laws.** The parties to this Loan Agreement agree to comply with all laws (including, but not limited to, Environmental Laws) of the State or other governmental bodies or entities having jurisdiction over the County, the Technical School, the 2019 Project, this Loan Agreement or the County Bond and applicable to the performance of this Loan Agreement and the County Bond.

**SECTION 6.10. Federal Tax Covenants.** The County and the Technical School hereby covenant not to take or omit to take any action so as to cause interest on any Series of Tax-Exempt Obligations 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 Tax-Exempt Obligations. The County and the Technical School further covenant that they will make no investments or other use of the proceeds of any Tax-Exempt Obligations which would cause such Tax-Exempt Obligations to be "arbitrage bonds" (as defined in Section 148 of the Code). The County and the Technical School further covenant 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 County and the Technical School further covenant not to cause any Series of Tax-Exempt Obligations to become "private activity bonds" (within the meaning of Section 141 of the Code).

**SECTION 6.11. Affirmative Covenants.** So long as the Series 2019 Bonds remain Outstanding, the County and the Technical School each will, 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 County and the Technical School 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 2019 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 2019 Project.
- (e) Acquire, operate, use and maintain the 2019 Project in accordance with all applicable federal, State, County 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 and applicable Environmental Laws, workers' compensation, sanitary, safety, non-discrimination and zoning laws, ordinances, rules and regulations as shall be binding upon the County and which might adversely affect its activities or its financial condition.

-36-

**SECTION 6.06. Sale, Lease or Sublease.** (a) The Technical School shall not sell, exchange, transfer, lease or sublease the 2019 Project, or any portion thereof or interest therein, without: (i) the prior written consent of the Authority and the County, which consent shall not be unreasonably withheld, which request by the Technical School for such consent by the Authority and the County to any such conveyance shall include written documentation that the procedures outlined in paragraph (b) 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 Tax-Exempt Obligations. No sale, exchange, transfer, lease or sublease shall have any adverse effect upon this Loan Agreement or the County Bond or affect or reduce the County'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 Technical School with the proceeds of the Series 2019 Bonds, the Technical School shall evidence compliance 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 Technical School from the conveyance or exchange of any such lands undertaken in accordance with the provisions hereof, in an amount not to exceed the remaining Outstanding amount of the Series 2019 Bonds, shall be deposited in the 2019 Account in the Acquisition Fund held by the Trustee and shall be applied: (i) to the purchase of lands satisfying the requirements of subparagraph (b) above or, if such lands are not so available, such moneys shall be applied; (ii) as a credit toward the County'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 2019 Bonds.

**SECTION 6.07. Cooperation by the County and the Technical School.** The County and the Technical School, by notice in writing signed by an Authorized County Representative or Authorized Technical School Representative, as applicable, shall keep the Authority informed of anticipated needs for money to pay the Costs of the 2019 Project and the County and the Technical School shall give the Authority their full cooperation and assistance in all matters relating to financing of the Costs of the 2019 Project.

The County and the Technical School agree that they shall provide and certify, or cause to be provided and certified, in form satisfactory to the Authority, such information concerning the County and the 2019 Project, the operations and finances of the County and such other matters necessary to enable the Authority to complete and publish the Official Statement relating to the sale of the Series 2019 Bonds, or to enable the Authority to make any reports required by law or governmental regulations.

**SECTION 6.08. Full Faith and Credit Pledge.** The County 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 and interest on the County Bond, which County Bond shall secure the County's Loan Payments and all other amounts due under this Loan Agreement according to the terms hereof.

-35-

(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 County, a detailed audit report for the preceding Fiscal Year, certified by certified independent public accountants selected by the County, presenting the County's revenues and expenses at the close of the preceding Fiscal Year and the results of its operations during said Fiscal Year; and

(ii) no later than sixty (60) days after the receipt and acceptance thereof by the Technical School, a detailed audit report for the preceding Fiscal Year, certified by certified independent public accountants selected by the Technical School, presenting the Technical School's revenues and expenses at the close of the preceding Fiscal Year and the results of its operations during said Fiscal Year; and

(iii) 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 County and/or the Technical School, or each event within the knowledge of the County and/or the Technical School which, with the giving of notice or lapse of time, or both, would constitute an Event of Default hereunder, a statement of an Authorized County Representative and/or Authorized Technical School Representative setting forth details of such Event of Default or event(s) and the action which the County and/or the Technical School proposes to take with respect thereto.

**SECTION 6.12. Delivery of Documents.** Concurrently with the delivery of this Loan Agreement and the issuance of the Series 2019 Bonds and the County Bond, the County and the Technical School shall cause to be delivered to the Authority each of the following items:

- (a) opinions of County Counsel, County Bond Counsel and Technical School Counsel in form and substance satisfactory to the Authority;
- (b) counterparts of this Loan Agreement as previously executed by the parties hereto;
- (c) certified copies of the County Bond Ordinance and County Authorizing Resolution authorizing the issuance and sale of the County Bond and the execution and delivery of this Loan Agreement and the Continuing Disclosure Agreement and related applicable matters, respectively, certified by an Authorized County Representative;
- (d) certified copy of the resolution of the Technical School authorizing the execution and delivery of this Loan Agreement and related applicable matters, certified by the Secretary to the Board of Trustees of the Technical School;
- (e) the Loan Documents duly executed by the respective parties thereto;
- (f) the County Bond;
- (g) copy of the Continuing Disclosure Agreement; and

-37-

(h) 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 and the County Bond, the financing of the 2019 Project and the issuance of the Series 2019 Bonds and the County Bond.

**SECTION 6.13. Information.** The County and the Technical School agree, whenever reasonably requested by the Authority or the Trustee, to provide and certify or cause to be provided and certified such information concerning the 2019 Project, the County and its financial condition, and other topics as the Authority may reasonably request and, further, the County and the Technical School assure that the records and accounts of the County and the Technical School, respectively, 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 any Series of Tax-Exempt Obligations, the Authority shall retain or shall cause to be retained 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 rebate amount 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 rebate amount or payable as a penalty to the United States of America, together with a written summary of the calculations thereof. The County and/or the Technical School shall pay to the Trustee at such times as required under the Code an amount equal to the rebate amount or payable as a penalty to the United States of America for deposit by the Trustee into the Account established within the Rebate Fund for such Series of Tax-Exempt Obligations. To the extent the amounts on deposit in said Account within the Rebate Fund as of any date of computation are less than the rebate amount or payable as a penalty to the United States of America, the County and/or the Technical School shall immediately pay the amounts necessary to the Trustee for deposit in said Account within 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 each Series of Tax-Exempt Obligations, the County and the Technical School each covenant and agree that they will comply with the requirements of the Code relating to the investment restrictions on the proceeds of such Series of Tax-Exempt Obligations and the calculation of the rebate amount 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 County, the Technical School and the Trustee the information necessary to determine the amount to be paid to the United States of America. Additionally, the Authority may: (i) review or cause to be reviewed any determination of the amount to be paid to the United States of America made by or on behalf of the County and/or the Technical School; and (ii) make or retain a Financial Consultant to make the determination of the

-38-

amount to be paid to the United States of America. The County and the Technical School hereby agree 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 into the Account established within the Rebate Fund for such Series of Tax-Exempt Obligations required as the result of any such review or determination.

(e) Notwithstanding any provision of this Section 6.14 to the contrary, the County and the Technical School shall be jointly and severally liable, and shall indemnify and hold the Authority harmless against any liability, for payments due to the United States of America pursuant to Section 148(f) of the Code. Further, the County and the Technical School specifically agree 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, the County and the Technical School 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, the County and the Technical School shall be empowered to amend this Section 6.14 and the Authority may require, by written notice to the County, the Technical School and the Trustee, the County and the Technical School to amend, and the County and the Technical School hereby agree 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 County and the Technical School, 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 any Series of Tax-Exempt Obligations; 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 such Series of Tax-Exempt Obligations.

(g) Notwithstanding anything herein or in the Bond Resolution to the contrary, the obligations of the County and the Technical School under the provisions of this Section 6.14 shall survive the payment, redemption or defeasance of such Series of Tax-Exempt Obligations until the expiration of all statutes of limitations applicable to the Authority with respect to such Series of Tax-Exempt Obligations and Section 148 of the Code.

**SECTION 6.15. Negative Covenants.** So long as the Series 2019 Bonds remain Outstanding, each of the County and the Technical School covenant that it 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 2019 Project, enter into any management or operating contract, other than with a governmental entity, with a term greater than twelve (12)

-39-

months with any entity or Person, without the prior written consent of the Authority, which consent shall not be unreasonably withheld.

(c) Permit any action to occur which would be in direct violation of any and all applicable federal, State, County and municipal laws, ordinances, rules and regulations now in force or hereinafter enacted, including applicable Environmental Laws, the regulations of the Authority and the regulations of the State Department of Environmental Protection.

The County and the Technical School shall use their best efforts to give immediate written notice, in the manner provided in Section 9.11 hereof, to the Authority and the Trustee, of any inquiry, notices of investigation or any similar communication from the State Department of Environmental Protection and the United States Department of Environmental Protection regarding violation of any applicable Environmental Laws.

**SECTION 6.16. Third Party Beneficiaries.** The County and the Technical School agree that the covenants, representations and warranties set forth herein are for the benefit of the Authority, the Bondholders and the Trustee.

**SECTION 6.17. Assignment and Transfer by Authority.** The County and the Technical School hereby expressly acknowledge that the Authority's right, title and interest in, to and under this Loan Agreement and the County Bond have been assigned to the Trustee as security for the Series 2019 Bonds as provided in the Bond Resolution, and that if any Event of Default shall occur, the Trustee or any bond insurer, if applicable, pursuant to the Bond Resolution, shall be entitled to act hereunder and thereunder in the place and stead of the Authority. The County and the Technical School hereby acknowledge the requirements of the Bond Resolution applicable to the Series 2019 Bonds and consent to such assignment and appointment. This Loan Agreement and the County Bond, including, without limitation, the right to receive payments required to be made by the County hereunder and thereunder and to compel or otherwise enforce observance and performance by the County and the Technical School of their other duties, covenants, obligations and agreements hereunder and thereunder, may be further transferred, assigned and reassigned in whole or in part to one or more assignees or subassignees by the Trustee at any time subsequent to their execution without the necessity of obtaining the consent of, but after giving prior written notice to, the County and the Technical School.

The County and the Technical School hereby approve and consent to any assignment or transfer of this Loan Agreement and the County Bond that the Authority deems to be necessary in connection with any refunding of the Series 2019 Bonds.

**SECTION 6.18. Acquired Program Obligation.** The Authority, the County and the Technical School are entering into this Loan Agreement to fund a program for the benefit of the Technical School. The Authority requires as a condition of entering into this Loan Agreement that neither the County nor the Technical School is permitted to acquire any of the Series 2019 Bonds. The County and the Technical School hereby consent on their own behalf, and on behalf of related parties, not to acquire or permit related parties to acquire any of the Series 2019 Bonds.

-40-

## ARTICLE VII

### INSURANCE; DAMAGE, DESTRUCTION AND CONDEMNATION

**SECTION 7.01. Operation, Maintenance and Repair.** During the Loan Term, the Technical School shall be responsible for, and shall pay all costs of, maintaining, preserving and keeping the 2019 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. None of the Authority, the County or the Trustee shall have any obligation in any of these matters, or for the making of improvements or additions to the 2019 Project.

**SECTION 7.02. Utilities, Taxes and Governmental Charges.** The Technical School will pay or cause to be paid any and all charges for the operation and maintenance of the 2019 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 2019 Project during the Loan Term.

In addition, the Technical School 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, the Technical School or the County with respect to or upon the 2019 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 2019 Project; (iii) not create or suffer to be created any lien or charge upon the 2019 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 2019 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 Technical School shall, to the extent permitted by law, undertake all reasonable action necessary to obtain and preserve the legal exemption of the 2019 Project from the levy of taxes and assessments.

**SECTION 7.03. Additions, Enlargements and Improvements.** The Technical School shall, with the prior written notice to the Authority and the County, 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 2019 Project as the Technical School shall deem necessary or desirable in connection with the use of the 2019 Project; provided, however, that prior to making any such enlargements, improvements and expansions to, or repairs, reconstruction or restorations of, the 2019 Project, the Technical School 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 2019 Project. The cost of any such additions, enlargements, improvements, expansions, repairs, reconstruction or restorations shall be

-41-



promptly paid or discharged so the 2019 Project shall at all times be free of liens for labor and materials supplied thereto.

**SECTION 7.04. Additional Rights of the Technical School.** The Authority agrees that the Technical School shall have the right, option and privilege of erecting, installing and maintaining at its own cost and expense such equipment and personality in or upon the 2019 Project as may, in the Technical School'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 Technical School and shall not become part of the 2019 Project, and may be removed, altered or otherwise changed as long as such removal does not cause substantial damage to the 2019 Project, upon or before the termination of this Loan Agreement.

**SECTION 7.05. Insurance.** With respect to the 2019 Project, or any portion thereof, as the case may be, the Technical School 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 2019 Project, or any portion thereof, by fire or any other casualty or the taking of title to or the temporary use of the 2019 Project, or a portion thereof, as the case may be, or the interest of the Technical School 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 Technical School 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 and the Trustee that adequate self-insurance is provided with respect to the 2019 Project sufficient in the aggregate to cover the full replacement cost of the 2019 Project or to pay the applicable value thereof, and to protect the Authority, the County 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, the County 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, the County 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 2019 Project payable to the Trustee and applied as provided in Sections 7.06 or 7.07 hereof, as applicable. The Technical School will provide a copy of a blanket insurance policy or policies to the Authority, the County and the Trustee as evidence of such coverage. If the Technical School maintains a program of self-insurance for similar properties, the Technical School may insure the 2019 Project in its self-insurance program and provide an adequate insurance fund to pay losses.

The Technical School agrees to deliver annually to the Authority, the County and the Trustee 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 Technical School, a schedule identifying what risks are so covered; and (iii) a statement that all such insurance policies or self-

-42-

condemning or taking the same (hereinafter referred to as the "termination date"). The Technical School hereby irrevocably assigns to the Authority, all right, title and interest of the Technical School 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 Technical School shall use the net proceeds of the award made in connection with such condemnation or taking for replacement of the 2019 Project (or such portion thereof) and the Technical School shall proceed forthwith to replace the 2019 Project (or such portion thereof). In such event, any such net proceeds shall be deposited in the 2019 Account in the Acquisition Fund for application by the Trustee to pay the Cost of such replacement, in the same manner and upon the same conditions set forth in the Bond Resolution for the payment of the Cost of the 2019 Project (or such portion thereof). Any proceeds of an award remaining following replacement of the 2019 Project (or such portion thereof) as provided herein shall be transferred by the Trustee upon written direction of an Authorized Technical School Representative, as approved by an Authorized Authority Representative and an Authorized County Representative, and applied as a credit toward Loan Payments of the County in accordance with the provisions of Section 503(2) of the Bond Resolution. The Technical School shall complete the replacement of the 2019 Project (or such portion thereof), whether or not the net proceeds of the condemnation award which are received by the Technical School 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 2019 Account in the Debt Service Fund and shall be applied by the Trustee in accordance with Section 903 of the Bond Resolution.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-44-

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 and the County if such certificate is not received by December 31 of each year. All insurance policies shall be held by the Technical School and shall be open to the inspection of the Trustee and its representatives at all reasonable times, although absent contrary directions from the Authority and the County, 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 Technical School agrees to immediately notify the Authority, the County and the Trustee in the case of damage to or destruction of the 2019 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 Technical School may, with the prior consent of the Authority and the County (which consent shall not be unreasonably withheld), repair, reconstruct and restore the 2019 Project (or any portion thereof). In such event, the Technical School shall proceed forthwith to repair, reconstruct and restore the 2019 Project (or any portion thereof) to substantially the same condition as existed prior to the event causing such damage or destruction. 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 2019 Account in the Acquisition Fund and applied by the Trustee, and used as directed by the Technical School, for the payment of the Cost of such repair, reconstruction and restoration, in the same manner and upon the same conditions as set forth in the Bond Resolution for the payment of the Cost of the 2019 Project. Any proceeds of insurance remaining following the repair and restoration of the 2019 Project shall be transferred by the Trustee upon written direction of an Authorized Technical School Representative, as approved by an Authorized Authority Representative and an Authorized County Representative, and applied as a credit toward Loan Payments of the County in accordance with the provisions of Section 503(2) of the Bond Resolution. The Technical School shall complete the repair, reconstruction and restoration of the 2019 Project (or any portion thereof), whether or not the proceeds of the insurance proceeds received by the Technical School are sufficient to pay for the same.

In the event the Authority and/or the County do not consent to the repair, reconstruction and restoration of the 2019 Project (or portion thereof) then, in such event, the Technical School shall be under no obligation to repair, reconstruct and restore the 2019 Project (or portion thereof) and the net proceeds of insurance relating to such damage or destruction shall be deposited in the 2019 Account 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 2019 Account 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 Technical School in the 2019 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

-43-

## 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 County to pay or cause to be paid when due the payments required to be paid under Section 5.02(a) hereof or under the County Bond;

(b) Failure by the County and/or the Technical School 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 County and/or the Technical School by the Authority or the Trustee;

(c) Failure by the County or the Technical School 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 County or the Technical School, as applicable, 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 County or the Technical School, as applicable, within the applicable period and diligently pursued until the default is remedied; and provided further that the failure of the County 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 County or the Technical School, as applicable, or the entering of such order or decree without the acquiescence or consent of the County or the Technical School, as applicable, 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 County or the Technical School, as applicable, 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 County or the Technical School, as applicable, such petition shall be dismissed within thirty (30) days after filing and such dismissal shall be final and not subject to appeal; or the County or the Technical School, as applicable, 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 County or the Technical School, as applicable, or any of its property shall be appointed by court order or take possession of the County's or the Technical School's property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

-45-

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 County or the Technical School, as applicable, the County or the Technical School, as applicable, is unable, in whole or in part, to carry out its agreements herein contained, the County or the Technical School, as applicable, shall not be deemed in default during the continuance of such inability. The County and the Technical School agree, however, to use their best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out their agreements, provided that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the County or the Technical School, as applicable, and the County or the Technical School, as applicable, 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 County or the Technical School, as applicable, unfavorable to the County or the Technical School, as applicable.

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 County and/or the Technical School, as applicable, and the County or the Technical School, as applicable, 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 County or the Technical School, as applicable, 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 pursuant to Section 8.01(a) or 8.01(b) occurs hereunder, the Authority and the Trustee may, upon written notice to the County, 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.

(b) If, after such declaration, all amounts due, which were due and payable prior to such declaration, are paid by the County and the County also performs all other things in respect of which it may have been in default hereunder and pays the reasonable charges of the

-46-

proceeding, upon written notice to the County, shall be entitled to appointment of a receiver, with such powers as the court making such appointment can confer. Upon demand, the County 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 and the County Bond, 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 County 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 said 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 County herein contained or contained in the County Bond, the County 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-48-

Authority and the Trustee, including reasonable attorneys' fees, then, and in every such case, the Authority, by notice to the County and the Trustee, and subject to the provisions of the Bond Resolution, may annul such declaration and its consequence and the County, 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 Under County Bond.** (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 County 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 County or its designee, an Authorized County 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 County 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. If the nonpayment of the County is not cured by the applicable Interest Payment Date and Principal Installment Date, as applicable, the County, pursuant to the terms of the County Bond, shall pay to the Trustee, not later than such Interest Payment Date and Principal Installment Date, as applicable, any and all amounts in immediately available funds required to pay Debt Service on the Series 2019 Bonds for such Interest Payment Date and Principal Installment Date, as applicable. Notwithstanding the foregoing, the Authority and the Trustee shall undertake all diligent efforts to pursue the County and cause it to pay all amounts due and owing to the Authority under this Loan Agreement and the County Bond prior or subsequent to an Interest Payment Date and Principal Installment Date, as applicable.

(b) When written notice has been provided to the County by the Trustee as described above, the County shall take all actions, pursuant to its County Bond 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 2019 Account in the Debt Service Fund, shall be sufficient to pay the principal of and interest on the Series 2019 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, the County Bond, 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 County's obligations hereunder and thereunder. In addition to the other remedies provided in this Loan Agreement and the County Bond, the Authority shall be entitled to the restraint by injunction of the violation, or attempted or threatened violation, by the County of any of the covenants, conditions or provisions of this Loan Agreement and the County Bond, 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

-47-

**ARTICLE IX**

**MISCELLANEOUS**

**SECTION 9.01. Successors and Assigns.** This Loan Agreement shall inure to the benefit of the County, the Technical School, the Authority and the Trustee and their respective successors and assigns and shall be binding upon the County, the Technical School, the Authority and the Trustee and their respective successors and assigns.

**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 2019 Bonds and prior to payment or provision for the payment of all Bonds in full, including the Series 2019 Bonds issued to finance the Cost of the 2019 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 Outstanding Bonds without the prior written consent of the Holders of at least fifty-one percent (51%) in aggregate principal amount of the 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 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 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 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, the County and the Technical School 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 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 for the benefit of the Series 2019 Bonds, after payment in full of the Series 2019 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 County pursuant to Section 512 of the Bond Resolution. Notwithstanding the above, if the Series 2019 Bonds shall have been defeased in accordance with Section 1301 of the Bond Resolution, unclaimed funds remaining under the Bond Resolution for the benefit of the Series 2019 Bonds pursuant to

-49-

Section 1302 thereof shall be released to the County 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 2.02(k), 4.08, 6.10 and 6.14 hereof shall survive the expiration of the Loan Term and the final maturity of the Series 2019 Bonds.

**SECTION 9.08. Assignment.** This Loan Agreement and the County Bond may not be assigned by the County 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 2 North High Street, Millville, New Jersey 08332, Attention: President/Chief Executive Officer, with copies to counsel to the Authority, presently, Archer & Greiner P.C., One Centennial Square, Haddonfield, New Jersey 08033 Attention: David A. Weinstein, Esq., and Bond Counsel to the Authority, presently, Parker McCay P.A., 9000 Midlantic Drive, Suite 300, Mount Laurel, New Jersey 08054 Attention: Philip A. Norcross, Esq.; (ii) in the case of the County, the Technical School and the Trustee, respectively, addressed to each at the address shown below:

If to the County:

County of Cumberland  
164 West Broad Street  
Bridgeton, New Jersey 08302  
Attention: Chief Financial Officer

-50-

If to the Technical School:

The Cumberland County Board of Vocational Education  
3400 College Drive  
Vineland, New Jersey 08360  
Attention: Business Administrator/ Board Secretary

If to the Trustee:

U.S. Bank National Association  
333 Thornall Street, 4<sup>th</sup> Floor  
Edison, New Jersey 08837  
Attention: Rick Barnes, Vice President

or to such other representatives or addresses as the Authority, the County, the Technical School 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.

**SECTION 9.12. Benefit of Loan Agreement: Compliance With Bond Resolution.** This Loan Agreement is executed, among other reasons, to induce purchase of the Series 2019 Bonds. Accordingly, all duties, covenants, obligations and agreements of the County and the Technical School, respectively, herein contained are hereby declared to be for the benefit of and are enforceable by the Authority, the Holders of the Series 2019 Bonds and the Trustee. The County and the Technical School, respectively, each covenant and agree to observe and comply with, and to enable the Authority to observe and comply with, all duties, covenants, obligations and agreements contained in the Bond Resolution.

**SECTION 9.13. Further Assurances.** The County and the Technical School shall, at the request of the Authority, authorize, execute, attest, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement and the County Bond.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

-51-

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, the County has caused this instrument to be executed in its name by its Freeholder Director and its official seal to be hereunto affixed and the Technical School has caused this instrument to be executed in its name by the President of the Board of Education of the Technical School and its official seal to be hereunto affixed, all as of the day and year first above written.

**THE CUMBERLAND COUNTY  
IMPROVEMENT AUTHORITY**

\_\_\_\_\_  
ALBERT B. KELLY, Secretary

(SEAL)

By: \_\_\_\_\_  
DALE K. JONES, Chairman

**COUNTY OF CUMBERLAND,  
NEW JERSEY**

\_\_\_\_\_  
KENNETH MECOUCH,  
Clerk to the Board of Freeholders

(SEAL)

By: \_\_\_\_\_  
JOSEPH DERELLA,  
Freeholder Director

**THE CUMBERLAND COUNTY  
BOARD OF VOCATIONAL  
EDUCATION**

\_\_\_\_\_  
\_\_\_\_\_  
Board President

(SEAL)

-52-

**EXHIBIT A**

**LOAN PAYMENT SCHEDULE**

**EXHIBIT B**

**FORM OF REQUISITION FOR PAYMENT**

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
COUNTY GENERAL OBLIGATION BONDS  
(TECHNICAL HIGH SCHOOL PROJECT), SERIES 2019  
REQUISITION REF. NO. 201\_\_**

I, the undersigned \_\_\_\_\_  
[insert title] of The Cumberland County Board of Vocational Education ("Technical School")  
DO HEREBY CERTIFY that I am an Authorized Technical School Representative duly  
designated by the governing body of the Technical School to execute and deliver this certificate  
on behalf of the Technical School. I DO HEREBY FURTHER CERTIFY pursuant to and in  
accordance with the terms of a Loan and Security Agreement by and among The Cumberland  
County Improvement Authority ("Authority"), the County of Cumberland, New Jersey  
("County") and the Technical School, dated as of January 1, 2019 ("Loan Agreement") as  
follows:

1. This requisition is Requisition No. 201\_\_ - \_\_\_\_ and is to be paid in  
connection with the portion of the 2019 Project described below:

2019 Project Description:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Payment is to be made from the 2019 Account in 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 Technical School or the County 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 Technical School or the County.]

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 2019 Account in the Acquisition Fund, is an  
item of Cost of the 2019 Project, is unpaid or unreimbursed, and has not been the basis of any  
previously paid withdrawal or requisition.

B-1

6. The applicable public contracts bidding laws, prevailing wage laws and  
affirmative action requirements applicable to the contract pursuant to which payment is being  
requested have been complied with. [STRIKE OUT IF REQUISITION IS FOR PAYMENT OF  
COSTS OF ISSUANCE.]

7. If such payment is a reimbursement to the Technical School or the County  
for Costs or expenses incurred by reason of work performed or supervised by officers or  
employees of the Technical School or the County, such amount mentioned herein to be paid does  
not exceed the actual cost thereof to the Technical School or the County. [STRIKE OUT IF  
REQUISITION IS FOR PAYMENT OF COSTS OF ISSUANCE.]

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 Technical School has been performed.

9. The Technical School 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: \_\_\_\_\_

THE CUMBERLAND COUNTY BOARD OF  
VOCATIONAL EDUCATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT C**

**FORM OF COMPLETION CERTIFICATE**

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
COUNTY GENERAL OBLIGATION BONDS  
(TECHNICAL HIGH SCHOOL PROJECT), SERIES 2019**

The Cumberland County Improvement Authority  
2 North High Street  
Millville, New Jersey 08332

U.S. Bank National Association,  
as Trustee  
333 Thornall Street, 4<sup>th</sup> Floor  
Edison, New Jersey 08837

County of Cumberland, New Jersey  
164 West Broad Street  
Bridgeton, New Jersey 08302

Pursuant to Section 4.05 of the Loan and Security Agreement by and among the Authority, the County and the Technical School dated as of January 1, 2019 ("Loan Agreement"), the undersigned, an Authorized Technical School 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 2019 Project described below was completed or has been substantially completed as of \_\_\_\_\_, 20\_\_;

2019 Project Description:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (ii) as of such date referenced in clause (i) above, except for amounts retained by the Trustee, at the Technical School's direction, for any Cost of the 2019 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 2019 Project have been paid, or will be paid from amounts retained by the Trustee, at the Technical School's direction, for any Cost of the 2019 Project not then due or payable, or if due and payable, not then paid;
- (iii) the 2019 Project is being operated and maintained as an authorized "public facility" under the Act; and

C-1

- (iv) all permits, including a Certificate of Occupancy, if required or necessary for the utilization of the 2019 Project, have been obtained and are in effect.

Any amount hereafter remaining in the 2019 Account in the Acquisition Fund (except \$\_\_\_\_\_, which amount I certify is sufficient to cover Costs of the 2019 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 2019 Account 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 2019 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.

**THE CUMBERLAND COUNTY BOARD OF  
VOCATIONAL EDUCATION**

By: \_\_\_\_\_  
Authorized Technical School Representative

DATED: \_\_\_\_\_

The undersigned, on behalf of the County of Cumberland, New Jersey, hereby approves the above certificate.

DATED: \_\_\_\_\_ COUNTY OF CUMBERLAND, NEW JERSEY

By: \_\_\_\_\_  
Authorized County Representative

C-2

**EXHIBIT D**

**CERTIFICATES AS TO AUTHORIZED TECHNICAL SCHOOL  
REPRESENTATIVE AND AUTHORIZED COUNTY REPRESENTATIVE**

**CERTIFICATE AS TO AUTHORIZED  
TECHNICAL SCHOOL REPRESENTATIVE**

I, \_\_\_\_\_, the duly appointed and acting President of the Board of Education of The Cumberland County Board of Vocational Education ("Technical School") 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 Technical School. I DO HEREBY FURTHER CERTIFY as follows:

1. \_\_\_\_\_ is the President of the Technical School.

2. The following individual has been designated pursuant to Resolution \_\_\_\_\_ as an Authorized Technical School Representative in accordance with the provisions of the Loan Agreement and is duly qualified, empowered and authorized so to act on behalf of the Technical School and to deliver documents on behalf of the Technical School.

Name

Signature

\_\_\_\_\_  
\_\_\_\_\_

Capitalized terms used herein and not otherwise defined shall have the same meanings ascribed thereto in a Loan and Security Agreement dated as of January 1, 2019 by and among The Cumberland County Improvement Authority, the County of Cumberland, New Jersey and the Technical School ("Loan Agreement").

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_ day of January, 2019.

**THE CUMBERLAND COUNTY BOARD OF  
VOCATIONAL EDUCATION**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

D-1



**CERTIFICATE AS TO AUTHORIZED  
COUNTY REPRESENTATIVE**

I, JOSEPH DERELLA, the duly appointed and acting Director of the Board of Chosen Freeholders of the County of Cumberland, New Jersey ("County") 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 County. I DO HEREBY FURTHER CERTIFY as follows:

1. Ken Mecouch is the Administrator of the County.
2. Gerald C. Seneski is the Chief Financial Officer of the County.

3. The following individual(s) have each been designated as Authorized County 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 County and to deliver documents on behalf of the County.

<u>Name</u>	<u>Signature</u>
Ken Mecouch	_____
Gerald C. Seneski	_____

Capitalized terms used herein and not otherwise defined shall have the same meanings ascribed thereto in a Loan and Security Agreement dated as of January 1, 2019 by and among The Cumberland County Improvement Authority, the County and The Cumberland County Board of Vocational Education ("Loan Agreement").

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of January, 2019.

**COUNTY OF CUMBERLAND, NEW JERSEY**

By: \_\_\_\_\_  
**JOSEPH DERELLA, Director of the  
Board of Chosen Freeholders of the County**

D-2

**EXHIBIT E**

**FORM OF REQUISITION TO BE USED WHEN 2019 Project  
COSTS EXCEED AMOUNTS IN ACQUISITION FUND**

7. Each item of Cost or expense mentioned in Paragraphs 4 and 5 hereof has been properly incurred, is an item of Cost and is a proper charge against the 2019 Account in the Acquisition Fund and has not been the basis of any previous withdrawal.

8. The public contracts bidding laws, prevailing wage laws 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 Technical School 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: \_\_\_\_\_ **THE CUMBERLAND COUNTY BOARD OF  
VOCATIONAL EDUCATION**

By: \_\_\_\_\_  
**Authorized Technical School Representative**

The undersigned, on behalf of the County of Cumberland, New Jersey, hereby approves the above requisition.

DATED: \_\_\_\_\_ **COUNTY OF CUMBERLAND, NEW JERSEY**

By: \_\_\_\_\_  
**Authorized County Representative**

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
COUNTY GENERAL OBLIGATION BONDS  
(TECHNICAL HIGH SCHOOL PROJECT), SERIES 2019**

**REQUISITION REF. NO. 201 \_\_\_\_-**

I, the undersigned \_\_\_\_\_ [insert title] of The Cumberland County Board of Vocational Education ("Technical School") DO HEREBY CERTIFY that I am an Authorized Technical School Representative duly designated by the Technical School to execute and deliver this certificate on behalf of the Technical School. I DO HEREBY FURTHER CERTIFY pursuant to and in accordance with the terms of the Loan and Security Agreement by and among The Cumberland County Improvement Authority ("Authority"), the County of Cumberland, New Jersey ("County") and the Technical School dated as of January 1, 2019 ("Loan Agreement") as follows:

1. This requisition is Requisition No. 201 \_\_\_\_-.
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 2019 Project to which this requisition relates is

\_\_\_\_\_  
\_\_\_\_\_.

5. \$ \_\_\_\_\_ is the amount necessary to pay the Cost related to the 2019 Project.

6. \$ \_\_\_\_\_ is the amount of money the [Technical School][County] has forwarded to the Trustee on behalf of the Authority for deposit in the 2019 Account in the Acquisition Fund to fund the balance of the Cost related to the 2019 Project. [ATTACH CHECK FOR TRUSTEE, COPY OF THE CHECK FOR THE AUTHORITY]

E-1

E-2

**EXHIBIT F**

**TRUSTEE INFORMATION**

The name/address/phone number of the Trustee is:

U.S. Bank National Association  
333 Thornall Street, 4<sup>th</sup> Floor  
Edison, New Jersey 08837  
Attention: Rick Barnes, Vice President

Phone number: (973) 898-7161  
Fax number: (973) 682-4540

**EXHIBIT G**

**FORM OF COUNTY BOND**

**UNITED STATES OF AMERICA**

**COUNTY OF CUMBERLAND, NEW JERSEY GENERAL OBLIGATION BOND  
(TECHNICAL HIGH SCHOOL PROJECT), SERIES 2019**

**FOR VALUE RECEIVED**, the County of Cumberland, New Jersey, a political subdivision duly created and validly existing under the Constitution and laws of the State ("County"), hereby promises to pay to the order of The Cumberland County Improvement Authority ("Authority") (i) the principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) at the times and in the amounts determined as provided in the Loan Agreement, together with (ii) redemption premium, if any, plus (iii) interest on this County Bond, the Authority Administrative Expenses (as defined in the Loan Agreement) and any late charges incurred under the Loan Agreement in the amount calculated as provided in the Loan Agreement, payable on the days and in the amounts and as provided in the Loan Agreement, which principal amount, redemption premium, if any, and interest on this County Bond shall, unless otherwise provided in the Loan Agreement, be payable on the days and in the amounts (A) with respect to the payment of principal and interest as also set forth in Exhibit A attached hereto under the column headings respectively entitled "Principal" and "Interest" and (B) with respect to the payment of redemption premium, if any, as also set forth in the Award Certificate (as defined in the hereinafter defined Bond Resolution), plus (iv) any other amounts due and owing under the Loan Agreement at the times and in the amounts as provided therein. The County irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of the principal of, the redemption premium, if any, and the interest on this County Bond which shall secure the punctual payment by the County of the Loan Payments (as defined in the Loan Agreement) allocable to the Series 2019 Bonds and all other amounts due under the Loan Agreement according to the terms thereof.

This County Bond is issued pursuant to the "Local Bond Law," constituting P.L. 1960, c.169, as amended (*N.J.S.A. 40A:2-1 et seq.*), and the Loan Agreement and Security Agreement dated as of January 1, 2019 by and among the Authority, the County and The Cumberland County Board of Vocational Education ("Loan Agreement"). This County Bond is issued in consideration of the loan made under the Loan Agreement ("Loan") in the principal amount of \$ \_\_\_\_\_ to evidence the payment obligations of the County set forth therein. This County Bond has been assigned to U.S. Bank National Association, Edison, New Jersey, as trustee ("Trustee") under the "Resolution of The Cumberland County Improvement Authority Authorizing the Issuance of County General Obligation Bonds (Technical High School Project)," adopted by the Authority on October 24, 2018, as amended and supplemented by the Award Certificate, dated December \_\_\_, 2018, executed by the President/Chief Executive Officer of the Authority in connection with the sale of the Series 2019 Bonds (as defined in the hereinafter defined Bond Resolution) and as same may be further amended and supplemented in accordance with the terms thereof (collectively, the "Bond Resolution"), and payments hereunder shall, except as otherwise provided in the Loan Agreement, be made directly to the Trustee for the account of the Authority pursuant to such assignment. Such assignment has been made as security for the payment of the Series 2019 Bonds (as defined in the Loan Agreement) issued to finance or refinance said portion of the Loan and as otherwise described in the Loan Agreement. This County Bond is subject to further assignment or endorsement in accordance with the terms of the Bond Resolution and the Loan Agreement. All of the terms, conditions and provisions of

the Loan Agreement are, by this reference thereto, incorporated herein as part of this County Bond.

Pursuant to the Loan Agreement, disbursements shall be made by the Trustee to the Technical School, in accordance with written instructions of the Technical School, upon receipt by the Authority and the Trustee of requisitions from the Technical School (and approved by the County) executed and delivered in accordance with the requirements set forth in Section 4.03 of the Loan Agreement.

This County Bond is entitled to the benefits and is subject to the conditions of the Loan Agreement. The obligations of the County to make the payments required hereunder shall be absolute and unconditional, without any defense or right of set-off, counterclaim or recoupment by reason of any default by the Authority or the Technical School under the Loan Agreement or under any other agreement among the County, the Technical School and the Authority or out of any indebtedness or liability at any time owing to the County and/or the Technical School by the Authority or for any other reason.

This County Bond is subject to optional prepayment under the terms and conditions, and in the amounts, provided in Section 5.05 of the Loan Agreement. To the extent allowed by applicable law, this County Bond may be subject to acceleration under the terms and conditions, and in the amounts, provided in Section 8.02 of the Loan Agreement.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the County has caused this County Bond to be duly executed, sealed and delivered as of this \_\_\_\_th day of January, 2019.

COUNTY OF CUMBERLAND, NEW JERSEY

By: \_\_\_\_\_  
JOSEPH DERELLA, Freeholder Director

[SEAL]

By: \_\_\_\_\_  
GERALD C. SENESKI,  
Chief Financial Officer

ATTEST:

\_\_\_\_\_  
KEN MECOUCH, Clerk of the Board  
of Chosen Freeholders

The Cumberland County Improvement Authority hereby assigns the foregoing County Bond to U.S. Bank National Association, as Trustee under the "Resolution of The Cumberland County Improvement Authority Authorizing the Issuance of County General Obligation Bonds (Technical High School Project)," adopted on October 24, 2018, as amended and supplemented all as of the date of this County Bond, as security for the Series 2019 Bonds issued or to be issued under the Bond Resolution to finance or refinance a portion of the Costs of the 2019 Project (as defined in the Bond Resolution).

THE CUMBERLAND COUNTY  
IMPROVEMENT AUTHORITY

[SEAL]

By: \_\_\_\_\_  
DALE K. JONES, Chairman

ATTEST:

\_\_\_\_\_  
ALBERT B. KELLY, Secretary

EXHIBIT A

EXHIBIT H

2019 Project FUNDED WITH PROCEEDS OF THE SERIES 2019 BONDS

1. The development and construction of an approximately 55,000 square foot educational facility including classrooms, offices and administrative space for the Technical School ("Facility").
2. The acquisition certain real property delineated as \_\_\_\_\_ on the tax map.
3. The costs of equipping of the Facility.
4. All other costs and expenses necessary for or related to the development, construction and equipping of the Facility.

**APPENDIX D**  
**Form of Opinion of Bond Counsel**



# PARKER McCAY

**Parker McCay P.A.**  
9000 Midlantic Drive, Suite 300  
P.O. Box 5054  
Mount Laurel, New Jersey 08054-5054

P: 856.596.8900  
F: 856.596.9631  
[www.parkermccay.com](http://www.parkermccay.com)

January \_\_, 2019

The Cumberland County Improvement Authority  
2 North High Street  
Millville, New Jersey

**RE: \$\_\_\_\_\_ THE CUMBERLAND COUNTY IMPROVEMENT  
AUTHORITY, COUNTY GENERAL OBLIGATION REVENUE BONDS  
(TECHNICAL HIGH SCHOOL PROJECT), SERIES 2019**

---

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance and sale by The Cumberland County Improvement Authority ("Authority") of \$\_\_\_\_\_ aggregate principal amount of its County General Obligation Revenue Bonds (Technical High School Project), Series 2019 ("Series 2019 Bonds").

The Series 2019 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"); (ii) a bond resolution of the Authority, duly adopted on October 24, 2018 ("General Bond Resolution"); and (iii) an Award Certificate executed by the President/Chief Executive Officer of the Authority on December \_\_, 2018 ("Award Certificate"), in accordance with the terms of a delegation resolution of the Authority adopted on October 24, 2018 ("Delegation Resolution" and together with the General Bond Resolution and the Award Certificate, the "Bond Resolution"). Capitalized terms, not otherwise defined herein, shall have the meanings ascribed thereto in the Bond Resolution, unless the context clearly requires otherwise.

The Series 2019 Bonds are being issued by the Authority to make a loan to the County of Cumberland, New Jersey ("County") for the benefit of The Cumberland County Board of Vocational Education ("Technical School") to pay the: (i) the cost of development and construction of an approximately 55,000 square foot educational facility, including classrooms, offices and administrative space for the Technical School ("Facility"); (ii) the cost of acquisition of certain real property in the County on which the Facility will be constructed; (iii) the cost of equipping of the Facility; (iv) all other costs and expenses necessary for or related to the development, construction and equipping of the Facility; and (v) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2019 Bonds (collectively, the "2019 Project").

The Authority, the County and the Technical School have entered into a Loan and Security Agreement, dated as of January 1, 2019 ("Loan Agreement"), pursuant to which the Authority has agreed to issue the Series 2019 Bonds and loan the proceeds thereof to the County, for the benefit

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**

Mount Laurel, New Jersey | Hamilton, New Jersey | Atlantic City, New Jersey





of the Technical School, for the purpose of paying the costs of the 2019 Project. Pursuant to the Loan Agreement, the County will be obligated to pay to the Authority on each Loan Payment Date an amount equal to the principal of, redemption premium, if any, and interest on the Series 2019 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 Series 2019 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. "Revenues" consist of: (i) all amounts, including Loan Payments, received by the Authority from the County under the Loan Agreement and secured by the County Bonds; (ii) any moneys or securities held pursuant to the Bond Resolution and paid or required to be paid into the Debt Service Fund; (iii) payments made by the County pursuant to the County Bonds and pursuant to 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 County Bond shall be a direct and general obligation of the County and is a valid and legally binding obligation of the County and, unless paid from other sources, is payable from *ad valorem* taxes levied upon all the taxable real property within the jurisdiction of the County, without limitation as to rate or amount.

The Series 2019 Bonds are dated January \_\_, 2019, mature on January 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 semi-annually January 15 and July 15, commencing July 15, 2019, in each year until maturity or earlier redemption.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$	%	2031	\$	%
2021			2032		
2022			2033		
2023			2034		
2024			2035		
2025			2036		
2026			2037		
2027			2038		
2028			2039		
2029			2044		
2030					

The Series 2019 Bonds are issued in fully registered book-entry-only form in the form of one certificate for each maturity of the Series 2019 Bonds. The Series 2019 Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Bond Resolution.



As Bond Counsel to the Authority, we have examined certified copies of the General 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 Series 2019 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 County with respect to the Series 2019 Bonds) intended to satisfy certain provisions of the Internal Revenue Code of 1986, as previously amended, and as further amended pursuant to Public Law 115-97 ("Tax Cuts and Jobs Act"), signed into law on December 22, 2017 (as amended, the "Code"), and applicable Treasury Regulations, rulings and court decisions, receipts and other documents which we have considered relevant. We have also examined a specimen Series 2019 Bond and have relied on certifications as to the execution and authentication of the Series 2019 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, and has full right and lawful authority to issue the Series 2019 Bonds for the purpose of financing the costs of the 2019 Project and to adopt or execute, as appropriate, and deliver and perform its obligations under the Bond Resolution and the Loan Agreement.
2. The General Bond Resolution and the Delegation Resolution have each been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority, enforceable in accordance with their respective 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 the Loan Agreement has been duly authorized, executed and delivered by the County and the Technical School and constitutes a legal, valid and binding obligation of the County and the Technical School, respectively, the Loan Agreement 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 Bond Resolution creates the valid pledge which it purports to create of the Pledged Property, subject only to the application thereof to the purposes and on the conditions permitted in the Bond Resolution.



5. The Series 2019 Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute valid and binding direct, limited and special obligations of the Authority, enforceable in accordance with the respective terms thereof, except to the extent that enforcement thereof may be limited by Creditors' Rights Limitations.

6. Interest on the Series 2019 Bonds will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals. The Tax Cuts and Jobs Act has repealed the alternative minimum tax for corporations.

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 Series 2019 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 Series 2019 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 Bond Resolution, the Loan Agreement and the Nonarbitrage Certificate; (ii) the County with the covenants contained in the Loan Agreement and the Nonarbitrage Certificate; and (iii) the Technical School 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 Series 2019 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, County or the Technical School to comply with its respective covenants could result in the interest on the Series 2019 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 Series 2019 Bonds.

Ownership of the Series 2019 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 Series 2019 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 Series 2019 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 Series 2019 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 Series 2019 Bonds are *not* "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Series 2019 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.

7. Interest on the Series 2019 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 Series 2019 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 County pursuant to the terms of the Loan Agreement and secured by the County Bond. The Series 2019 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 County, to the extent of the Loan Payments due under the Loan Agreement which are secured by the County Bond), 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 County, to the extent of the Loan Payments due under the Loan Agreement which are secured by the County Bond) is pledged for the payment of the principal of, redemption premium, if any, or interest on the Series 2019 Bonds. The Authority has no taxing power.

We note that the Authority has received opinions of: (i) County Counsel and Bond Counsel to the County, McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, as to (A) the legal, valid and binding nature of the Loan Agreement with respect to the County, and (B) the enforceability of the County Bond as a legal, valid and binding general obligation of the County payable, unless paid from some other source, from the levy of *ad valorem* taxes upon all taxable property within the jurisdiction of the County, without limitation as to rate or amount; and (ii) Flaster/Greenberg, P.C., Cherry Hill, New Jersey as to the legal, valid and binding nature of the Loan Agreement with respect to the Technical School.

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 Series 2019 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 E**  
**Form of Continuing Disclosure Agreement**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this \_\_\_th day of January, 2019, by and between the County of Cumberland, New Jersey ("County"), The Cumberland County Improvement Authority ("Authority") and Phoenix Advisors, LLC ("Dissemination Agent"), in connection with the issuance by the Authority of its County General Obligation Revenue Bonds (Technical High School Project), Series 2019 ("Series 2019 Bonds"). The Series 2019 Bonds are being issued pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey (*N.J.S.A. 40:37A-44 et seq.*), and the acts amendatory thereof and supplemental thereto; (ii) a bond resolution of the Authority, duly adopted on October 24, 2018 ("General Bond Resolution"); and (iii) an Award Certificate executed by the President/Chief Executive Officer of the Authority on December \_\_, 2018 ("Award Certificate"), in accordance with the terms of a delegation resolution of the Authority adopted on October 24, 2018 ("Delegation Resolution" and together with the General Bond Resolution and the Award Certificate, the "Bond 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 Series 2019 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 Series 2019 Bonds ("Rule").

**SECTION 2. Definitions.** In addition to the definitions set forth in the Bond 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 County'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 Series 2019 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 County.

**"Rule"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

**"Trustee"** shall mean U.S. Bank National Association.

### **SECTION 3. Provision of Annual Report.**

(a) The County 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 County'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 County (commencing for the fiscal year ending December 31, 2018). Each Annual Report provided to the Dissemination Agent by the County 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 County, shall submit each Annual Report received by it to the National Repository and the Authority and thereafter shall file a written report with the County 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 County 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 County advising of such failure. Whether or not such notice is given or received, if the County 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 County, the Authority, and the Trustee) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

**SECTION 4. Contents of Annual Report.** The County's Annual Report shall contain or incorporate by reference the following for the relevant fiscal year: (i) The audited financial statements of the County (as of December 31 of the applicable year). The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, State Department of Community Affairs ("Division") that demonstrate compliance with the modified accrual basis,

with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State; and (ii) Financial information and operating data of the County of the type included in the Official Statement relating the Series 2019 Bonds, consisting of: (a) County and overlapping indebtedness, including a schedule of outstanding debt issued by the County; (b) the County's most current adopted budget; (c) property valuation information; and (d) tax rate, levy and collection data. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County is an Obligated Person, which have been filed with EMMA. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

If any of the information above can no longer be generated because the operations to which such information relates have been materially changed or discontinued, a statement to that effect shall satisfy the obligations of the County under this Section 4, provided however that the County shall, to the greatest extent feasible, provide in lieu thereof similar information with respect to any substitute or replacement operations.

#### **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 Series 2019 Bonds or other material events affecting the tax status of the Series 2019 Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Series 2019 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 Series 2019 Bonds, if material;
- (11) rating changes;

- (12) bankruptcy, insolvency, receivership or similar event of the County, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County 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 County, 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 County;
- (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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 County may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(b) The County shall, in a timely manner not in excess of seven (7) Business Days after the occurrence of any Listed Event contained in Section 5(a)(2), (10), (11)(solely with respect to rating changes of the County), (12) and (13) hereof, 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 County's obligation to provide, notification of the occurrence of any of the Listed Events.

(c) The Authority shall, in a timely manner not in excess of seven (7) Business Days after the occurrence of any Listed Event contained in Section 5(a)(1), (3), (4), (5), (6), (7), (8), (9), (11)(solely with respect to Series 2019 Bond rating changes) and (14) hereof, 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 Authority's obligation to provide, notification of the occurrence of any of the Listed Events.

(d) If the Dissemination Agent has been instructed by the County or the Authority, respectively, 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 County or the Authority, respectively, 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 County, 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 Series 2019 Bonds without any required notice from the County or the Authority.

**SECTION 6. Termination of Reporting Obligations.** The reporting obligations of the County and the Authority under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2019 Bonds or when the County is no longer an Obligated Person (as defined in the Rule) with respect to the Series 2019 Bonds.

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provisions of this Disclosure Agreement, the County or the Authority 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 County 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 party seeking amendment or waiver of provisions of this Disclosure Agreement 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 County or the Authority 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 County or the Authority 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 County or the Authority 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 Series 2019 Bonds and after provision of satisfactory indemnification in accordance with the Bond Resolution, shall), or any beneficial owner of the Series 2019 Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County or the Authority, as applicable, to comply with its respective obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be an Event of Default under the Bond Resolution or the Loan Agreement (as defined in the Bond Resolution), and the sole remedy under this Disclosure Agreement in the event of any failure of the County or the Authority to comply with its respective obligations under this Disclosure Agreement shall be an action to compel performance.

**SECTION 10. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the County, the Authority, 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 County, the Authority and the Dissemination Agreement 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 County:

County of Cumberland  
164 West Broad Street  
Bridgeton, New Jersey 08302  
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
625 Farnsworth Avenue  
Bordentown, New Jersey 08505  
Attention: Anthony Inverso, Senior Managing Director

(iii) If to the Authority:

The Cumberland County Improvement Authority  
2 North High Street  
Millville, New Jersey 08043  
Attention: President/Chief Executive Officer

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 12 for the giving of notice.

**SECTION 13. Compensation and Indemnification.** The County shall pay: (i) 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; and (ii) the Authority for any costs it may incur in the performance of its obligations 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 County or the Authority may each discharge the Dissemination Agent and satisfy its obligations under this Disclosure Agreement without the assistance of a Dissemination Agent, or the County or the Authority each 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 or the County, as applicable).

(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 County 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 County or the Authority, 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 County or the Authority 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.

**COUNTY OF CUMBERLAND, NEW JERSEY**

By: \_\_\_\_\_  
**GERALD SENESKI,**  
**Chief Financial Officer/County Treasurer**

**THE CUMBERLAND COUNTY  
IMPROVEMENT AUTHORITY**

By: \_\_\_\_\_  
**GERARD VELAZQUEZ, III,**  
**President/Chief Executive Officer**

**PHOENIX ADVISORS, LLC,**  
**as Dissemination Agent**

By: \_\_\_\_\_  
**ANTHONY INVERSO,**  
**Senior Managing Director**

**EXHIBIT "A"**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: The Cumberland County Improvement Authority  
("Authority")

Name of Bond Issue Affected: The Cumberland County Improvement Authority  
\$\_\_\_\_\_ County General Obligation Revenue  
Bonds (Technical High School Project), Series 2019

Date of Issuance of Affected Bond Issue: January \_\_, 2019

NOTICE IS HEREBY GIVEN that the County of Cumberland, New Jersey 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 January \_\_, 2019, between the County and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The County anticipates that such Annual Report will be filed by \_\_\_\_\_.]

Dated:

PHOENIX ADVISORS, LLC,  
as Dissemination Agent

cc: County  
Authority  
Trustee