



UNION COUNTY IMPROVEMENT AUTHORITY

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Resolution No. 40-2015

Date: June 3, 2015

RESOLUTION AUTHORIZING THE ISSUANCE OF LEASE REVENUE BONDS, SERIES 2015 (ROSELLE BOARD OF EDUCATION EARLY CHILDHOOD LEARNING CENTER PROJECT) OF THE UNION COUNTY IMPROVEMENT AUTHORITY AND DETERMINING OTHER MATTERS RELATED THERETO

APPROVED AS TO FORM:
Lisa M. da Silva, RMC
Clerk of the Authority

Lisa M. da Silva

APPROVED AS TO SUFFICIENCY OF FUNDS
☐ YES ☐ NO ☒ NONE REQUIRED
UNION COUNTY IMPROVEMENT AUTHORITY

M. W. B. - O

	PRESENT	ABSENT	AYE	NAY	ABSTAIN	MOTION	SECOND
<i>Bornstad</i>	✓		✓				✓
<i>D'Elia</i>		✓					
<i>Hines</i>	✓		✓				
<i>Hockaday</i>	✓		✓			✓	
<i>Salerno, Secretary</i>	✓		✓				
<i>Tomko, Treasurer</i>	✓		✓				
<i>Vollero</i>	✓		✓				
<i>Rountree, Vice Chair</i>	✓		✓				
<i>Scutari, Chairman</i>	✓		✓				

**RESOLUTION AUTHORIZING THE ISSUANCE OF LEASE REVENUE BONDS,
SERIES 2015 (ROSELLE BOARD OF EDUCATION EARLY CHILDHOOD LEARNING
CENTER PROJECT) OF THE UNION COUNTY IMPROVEMENT AUTHORITY AND
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Adopted June 3, 2015

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RESOLUTION AUTHORIZING THE ISSUANCE OF LEASE REVENUE BONDS, SERIES 2015 (ROSELLE BOARD OF EDUCATION EARLY CHILDHOOD LEARNING CENTER PROJECT OF THE UNION COUNTY IMPROVEMENT AUTHORITY AND DETERMINING OTHER MATTERS RELATED THERETO

WHEREAS, the Union County Improvement Authority (the "Authority") has been duly created by a resolution duly adopted on June 5, 1986 by the Board of Chosen Freeholders (the "Board of Freeholders") of the County of Union (the "County") in the State of New Jersey (the "State") as a public body corporate and politic of the State pursuant to and in accordance with the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"); and

WHEREAS, the Board of Education of the Borough of Roselle, New Jersey (the "Board of Education") possesses a parcel of land located at Block 1105, Lots 10 and 22 (the "Land") on the official tax map of the Borough and desires to use it for the design, development, finance, construction, maintenance and operation of an early childhood learning center (the "Facilities"); and

WHEREAS, the Authority is authorized by law, specifically Section 11 of the Act (N.J.S.A. 40:37A-54(a)), to provide public facilities for the use of the Board of Education, including without limitation, the provision of the Facilities; and

WHEREAS, in order to finance the construction of Facilities, the Authority will issue bonds in one or more series, including renewals, if any, in an aggregate principal amount not to exceed \$19,500,000, to be designated as "Lease Revenue Bonds, Series 2015 (Roselle Board of Education Early Childhood Learning Center Project)" (the "Bonds") with such further designation and in accordance with the terms of a resolution of the Authority entitled "Resolution Authorizing the Issuance of Lease Revenue Bonds, Series 2015 (Roselle Board of Education Early Childhood Learning Center Project) of the Union County Improvement Authority and Determining Other Matters Related Thereto" (together with any amendments thereof or supplements thereto in accordance with the terms thereof, the "Bond Resolution") to assist the Board of Education with the financing of such costs; and

WHEREAS, in connection with the issuance of such Bonds, the Board of Education will ground lease the Land to the Authority pursuant to the terms of a Ground Sublease and Facilities Lease Agreement to be dated as of the first day of the month of issuance of the Bonds, between the Board of Education and the Authority (together with any amendments thereof or supplements thereto in accordance with its terms, the "Lease Agreement"); and

WHEREAS, pursuant to the Act, specifically Section 34 thereof (N.J.S.A. 40:37A-77), the Board of Education is authorized, without any referendum or public or competitive bidding, to enter into and perform any lease, including the Lease Agreement, with the Authority for the use, maintenance or operation by the Authority as part of any public facility, any real or personal

property which may be necessary or useful and convenient for the purposes of the Authority and accepted by the Authority; and

WHEREAS, the Facilities constitute a "public facility" as such term is defined in the Act; and

WHEREAS, in connection with the issuance of the Bonds, it will also be necessary for the Authority to acquire the land and lease the Facilities back to the Board of Education pursuant to the Lease Agreement (the transactions contemplated hereby and pursuant to the Lease Agreement shall sometimes be herein referred to as the "Project"); and

WHEREAS, pursuant to the Act, specifically Section 35 thereof (N.J.S.A. 40:37A-78), the Authority is authorized to enter into and perform any lease or other agreement, including the Lease Agreement, with the Board of Education for the lease to or use by the Board of Education of all or any part of any public facility on any terms and conditions which may be agreed upon by the Board of Education and the Authority; and

WHEREAS, the rental payments to be made under the terms of this Agreement shall constitute current expenditures of the Board of Education and shall not constitute a general obligation or other indebtedness of the Board of Education nor a mandatory charge or requirement against the Board of Education in an ensuing budget year beyond the then current budget year; and

WHEREAS, this Agreement is entered into pursuant to and in accordance with N.J.S.A. 18A:20-4.2 et seq. subject to the approval of the Commissioner of Education and the Local Finance Board; and

WHEREAS, in accordance with Section 13 ("Section 13") of the Act (N.J.S.A. 40:37A-56), prior to the issuance of the Bonds, the Authority will have made a detailed report of the Board of Freeholders of the County, which report will include, without limitation, the Bond Resolution, the Bonds and the Lease Agreement (collectively, the "Financing Documents").

NOW THEREFORE, BE IT RESOLVED BY THE UNION COUNTY IMPROVEMENT AUTHORITY, as follows:

ARTICLE I**Definitions and Interpretations**

Section 101. Definitions. The following terms which are used as defined terms herein shall, unless the context clearly requires otherwise, have the meanings which are set forth below:

"Accountant" means any registered municipal accountant of the State of New Jersey or a certified public accountant of the State of New Jersey, who, in either case, may be the accountant or a member of a firm of accountants who regularly audit the books and accounts of the Authority, as selected by the Authority from time to time.

"Act" means the "county improvement authorities law" constituting Chapter 183 of the Laws of New Jersey of 1960, and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40:37A-44 *et seq.*).

"Additional Bond" or "Additional Bonds" means any bond or bonds of the Authority which are authorized and issued pursuant to the terms of Sections 317 and 318 hereof.

"Additional Rent" means amounts including, but not limited to, amounts payable by the Board of Education to the Authority under the Agreement, the annual Trustee's fee and annual Authority Administrative Expenses, professional fees incurred for any arbitrage rebate calculation, arbitrage rebate expenses, and all direct and indirect costs and expenses incurred by the Authority related to the enforcement of the Agreement, including reasonable attorneys' fees related thereto.

"Agreement" means that certain Ground Sublease and Facilities Lease Agreement between the Authority and the Board of Education.

"Annual Authority Administrative Fee" means the annual fee for the general administrative expenses of the Authority as shall be set forth in the Agreement.

"Authority" means the Union County Improvement Authority, a public body corporate and politic of the State of New Jersey organized and existing under the Act and created by virtue of a resolution of the Board of Chosen Freeholders of the County, duly adopted June 5, 1986.

"Authority Administrative Expenses" means 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 or the enforcement of the Agreement, including, but not limited to, (i) the Initial Authority Financing Fee, (ii) the Annual Authority Administrative Fee, (iii) all fees and expenses, including, but not limited to, indemnification expenses, if any, incurred in connection with the issuance of any Bonds,

the financing of the Project or the compelling of the full and punctual performance of this Bond Resolution and the Agreement in accordance with the terms hereof and thereof, (iv) all fees and expenses, including, but not limited to, continuing disclosure expenses and indemnification expenses, if any, of counsel, fiduciaries and others, and (v) any fees and expenses, including, but not limited to, indemnification expenses, if any, incurred by the Paying Agent, the Bond Registrar or the Trustee or any or all fiduciaries in connection with the performance of their respective fiduciary responsibilities under this Resolution of the enforcement of the Agreement, all to the extent not capitalized pursuant to the requirements of this Resolution, which Authority Administrative Expenses shall be paid as Additional Rent by the Board of Education.

"Authority Contribution" means the amount paid by the Authority to ground sublease the Land from the Board of Education as set forth in the Agreement.

"Authorized Authority Representative" means the Chairman, Vice Chairman or the Executive Director of the Authority and any other person or persons who shall be authorized to act on behalf of the Authority by virtue of a written certificate, duly executed on behalf of the Authority by the Chairman, Vice Chairman or the Executive Director of the Authority, which sets forth the specimen signatures of each such person or any other Authority Officer or Representative designated by Supplemental Resolution of the Authority.

"Authorized Newspaper(s)" means (a) one newspaper which is customarily published and generally circulated at least once in each calendar week in the County, and (b) one newspaper which is a nationally recognized local government bond marketing publication or electronic information service carrying municipal bond notices and devoted primarily to financial news or the subject of state and municipal bonds, each of which newspapers is printed in the English language.

"Basic Rent" means the basic rent payments payable by the Board of Education to the Authority under the Agreement required to amortize Bond Service on any Series of Bonds issued by the Authority pursuant to this Resolution.

"Bond" or "Bonds" means any bond or bonds, including the Bonds as the case may be, of the Authority which are authorized herein and which may be issued in one or more Series pursuant to the terms of Article III hereof, and any bonds issued in lieu of or in substitution for such Bonds pursuant to the terms of this Resolution.

"Bondholder" or the term "Holder" or any similar term when used with reference to a Bond or Bonds, means the Registered Owner.

"Bond Counsel" means an attorney or firm of attorneys with experience and nationally recognized expertise in the area of municipal finance, as may be appointed by the Authority from time to time.

"Bond Reserve Credit Facility" means any letter of credit, surety bond, loan agreement or other credit agreement, facility, insurance or guaranty arrangement issued by a financial institution, insurance company or association which is obtained by the Authority, with the prior written consent of the issuer of such bond reserve credit facility, in satisfaction of all or any portion of the Bond Reserve Requirement with respect to any Series of Bonds.

"Bond Reserve Fund" means the fund so designated which is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"Bond Reserve Requirement" means, as of the date of computation, the amount of money required to be on deposit in the Bond Reserve Fund for any or all Series of Bonds, as determined by Supplemental Resolution of the Authority or by a Certificate of Authority Officer relating to the Bonds. All or any part of the Bond Reserve Requirement may be satisfied by depositing funds in the Bond Reserve Fund or by obtaining a Bond Reserve Credit Facility.

"Bond Service" for any period means, as of any date of calculation and with respect to the Outstanding Bonds, an amount equal to the sum of (i) the interest accruing during such period on such Bonds except to the extent such interest is to be paid from deposits made from Bond proceeds into the Bond 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 next 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 issuance of the Bonds, whichever is later. Such interest and Principal Installments for such series 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 360 day year.

"Bond Service Fund" means the fund so designated which is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"Bond Service Requirement" with respect to the next Interest Payment Date for the Bonds means, (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 plus that portion of the Principal Installment or Installments which would accrue to such date if such Principal Installment or Installments be deemed to accrue in the manner provided in the definition of "Bond Service" set forth herein, and (ii) in the case of an Interest Payment Date on which both interest and a Principal Installment or Installments shall be due, interest accrued and unpaid and to accrue to such date plus the Principal Installment or Installments due on such date.

"Bond Year" means, in the case of the first bond year, the period beginning on the date of issuance of such Bonds and ending on the first anniversary of such date. Each subsequent

Bond Year is the one year (1) period beginning on the day after the expiration of the previous Bond Year.

"Book-Entry Bonds" means any Bonds which are issued in book-entry only form as evidenced by one or more certificates for each stated principal maturity of the Bonds which Bonds are in registered form and delivered to a Securities Depository.

"Borough" means the Borough of Roselle, in the County.

"Business Day" means any Monday, Tuesday, Wednesday, Thursday or Friday which is not a day on which either state or federally chartered banking institutions in the City of New York or the State of New Jersey are authorized or obligated by law or executive order to close.

"Capital Appreciation Bonds" means any bond issued under this Resolution as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding in the resolution authorizing said Bonds and payable in an amount equal to the then current accreted value only at the maturity, earlier redemption or other payment date therefore, all as so designated by the Authority in the resolution authorizing said Bonds and which may be either Serial Bonds or Term Bonds

"Certificate of Authority Officer" means any certificate which is executed by an Authorized Authority Representative for any purpose which is provided in the Resolution or in any Supplemental Resolution of the Authority.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations promulgated thereunder and any regulations promulgated under the Internal Revenue Code of 1954, as amended, to the extent applicable to the Bonds.

"Construction Fund" shall mean the fund so designated which has been herein established and created by the Authority pursuant to the terms of Section 401 hereof.

"Counsel's Opinion" means an opinion which shall be signed by an attorney or firm of attorneys of recognized standing (who may be counsel or of counsel to the Authority) which shall be selected by the Authority, and, if such opinion is required to be delivered to the Trustee, which firm shall be satisfactory to the Trustee.

"County" means the County of Union, a municipal corporation of the State of New Jersey.

"Cost" or "Costs of the Project" means and shall be deemed to include, together with any other proper item of cost which is not specifically mentioned herein but which is specifically provided under the definition of "cost" or "costs," as set forth in the Act, whether incurred prior to or after the date of adoption of the Resolution, (a) the Authority Contribution as set forth in the

Agreement and all fees associated with the work and labor necessary to acquire such Agreement, (b); compensation and expenses of the Trustee, Paying Agent, Registrar, and/or other fiduciaries, financial advisory, legal, accounting, underwriting, financial and printing expenses, fees and all other expenses incurred in connection with the (i) issuance of the Bonds, and (ii) obtaining a Credit Facility or Bond Reserve Credit Facility for any Bonds; (c) all other costs which the Authority shall be required to pay under the terms of any contract or contracts for the Project; (d) deposits into the Bond Service Fund for payment of interest on the Bonds and deposits in the Bond Reserve Fund or any other fund or account under the Resolution; (e) such other expenses which are not specified herein as may be necessary or incidental to the acquisition of the Agreement, and (f) all costs and expenses incurred by any Agent of the Authority in connection with the adoption, administration and enforcement of the Agreement.

"Credit Facility" means with respect to any Series of Bonds, or portion thereof, any letter of credit, surety bond, loan agreement or other credit agreement, facility, insurance or guaranty arrangement issued by a financial institution, insurance company or association pursuant to which funds are available to pay the principal of and interest on such Series of Bonds or portions thereof.

"Defeasance Obligations" means (a) any direct and general obligation of, or any obligation fully and unconditionally guaranteed by, the United States of America, (b) any certificates of deposit which constitute Investment Obligations; provided however, that such certificates of deposit are fully collateralized by Investment Obligations or (c) non-callable Tax-Exempt Obligations which are rated "AAA" by Standard & Poor's or "Aaa" by Moody's Investors Service and which have been previously refunded by the issuer of such obligations.

"Event of Default" shall have the meaning given to it in Article X herein.

"Fiduciary" means the Trustee, the Registrar, the Paying Agent, or any or all of them, as the case may be.

"Fiscal Year" means the period of twelve (12) calendar months commencing on January 1 and ending December 31, or such other period, as shall be determined from time to time by a resolution duly adopted by the Authority.

"General Fund" means the fund so designated which is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"Herein," "hereunder," "hereby," "hereto" and "hereof" and any similar terms refer to the Resolution; the term "heretofore" means prior to the adoption of the Resolution; and the term "hereafter" means subsequent to the adoption of the Resolution.

"Indexing Agent" means, with respect to and in connection with the issuance of Variable Rate Bonds, as and to the extent expressly provided in a Supplemental Resolution authorizing the issuance of such Variable Rate Bonds, a nationally recognized indexing authority,

or any other corporation, association or investment banking institution having skill and expertise in connection with the determination of an interest rate to be borne by variable rate obligations (which may, but need not, be the Remarketing Agent), in order to assist, to the extent provided in Section 304 hereof, in determining the rate of interest to be borne by Variable Rate Bonds, or any other corporation, firm or association which may at any time be substituted in its place pursuant to the terms of the Resolution, as shall be appointed by the Authority.

"Interest Index" means, if necessary, with respect to and in connection with the issuance of Variable Rate Bonds, as and to the extent expressly provided in a Supplemental Resolution of the Authority authorizing the issuance of such Variable Rate Bonds, the index which shall be used to determine the variable rate of interest to be borne by Variable Rate Bonds, which index shall be established in accordance with the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Bonds, or as may be determined by a Certification of Authorized Officer, as the case may be.

"Interest Payment Date" means the date for the payment of interest on any Series of Bonds as determined by Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Bonds, or as may be determined by a Certificate of Authority Officer, as the case may be. In the event an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day to interest accrued to the Interest Payment Date.

"Interest Payment Period" means a specified period for the calculation of interest on Variable Rate Bonds, as more specifically provided in a Supplemental Resolution duly adopted prior to the authentication and delivery of such Variable Rate Bonds.

"Initial Authority Financing Fee" means the amount equal to 1/8 of 1% for the initial financing fee of the Authority as determined by resolution duly adopted by the Authority and as allocated to the Board of Education or as may be set forth in a Supplemental Resolution or Award Certificate authorizing a Series of Bonds.

"Investment Obligations" means, any obligations authorized from time to time as permissible investments for county improvement authorities under New Jersey law or as may be determined by a Supplemental Resolution of the Authority or a Certificate of Authority Officer.

"Liquidity Facility" means, with respect to and in connection with the issuance of Capital Appreciation or Variable Rate Bonds, as and to the extent expressly provided in a Supplemental Resolution of the Authority authorizing the issuance of such Capital Appreciation or Variable Rate Bonds, an insurance policy, letter of credit or agreement or facility issued by a financial institution, insurance company or association pursuant to which the Fiduciary may obtain funds for payment of the principal of and accrued interest on Bonds upon the tender of such Bonds for purchase by the Holder thereof or upon the redemption of such Bonds by the Authority.

"Local Authorities Law" means the Local Authorities Fiscal Control Law constituting Chapter 313 of the Laws of New Jersey of 1983, and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40A:5A-1 et seq.).

"Maximum Annual Bond Service" means an amount equal to the greatest (1) interest on Outstanding Bonds, and (2) Principal Installments on Outstanding Bonds, in each case, in any current or future Bond Year.

"Operating Fund" means the fund so designated which is herein established and created by the Authority pursuant to the terms of section 501 hereof.

"Operating Fund Requirement" means the amount of money required to pay the Initial Authority Financing Fee, and amounts payable to the Authority as Additional Rent.

"Outstanding" when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (a) any Bond which has been canceled by the Authority or by the Registrar on or prior to said date, (b) any Bond for the payment or redemption of which either (i) cash, in an amount which is equal to the principal amount and redemption amount, as the case may be, or (ii) moneys and/or Investment Obligations in the amounts, of the maturities and otherwise conforming with the provisions of Section 1201 hereof, shall have theretofore been deposited with the Trustee in trust whether upon or prior to the maturity date or the redemption date of such Bonds and, except in the case of a Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with the terms of Article VII hereof, and (c) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the provisions of the Resolution.

"Paying Agent" means any paying agent for the Bonds which shall be appointed by Supplemental Resolution of the Authority pursuant to the terms of Section 1102(a) hereof, and its successor or successors, and any other corporation or association that may at any time be substituted in its place pursuant to the terms of the Resolution.

"Payment Date" means any Interest Payment Date or any date on which a Principal Installment or Sinking Fund Installment is due and payable with respect to any series of Bonds.

"Payment Verification Date" means any date thirty (30) days prior to any Payment Date.

"Principal Installment" means, as of any date of calculation, and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series 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, plus the amount of the sinking fund

redemption premium, if any, which would be applicable upon redemption of the Bonds on such future date in a principal amount equal to such Sinking Fund Installments.

"Principal Installment Date" means any date on which any Principal Installment on any Series of Bonds shall become due and payable by the Authority, or such other date as set forth in a Supplemental Resolution or Award Certificate authorizing a Series of Bonds. In the event a Principal Installment Date is not a Business Day, principal shall be paid on the next succeeding Business Day for the Principal Installment payable on the Principal Installment Date.

"Rebate Fund" means the fund so designated which is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"Record Date" means, with respect to a particular Series of Bonds, (a) the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding each Interest Payment Date, in the event that the Interest Payment Date is the first (1st) day of a month, (b) the first (1st) day (whether or not a business day) of the calendar month in which an Interest Payment Date occurs in the event that the interest payment date is the fifteenth (15th) day of the month or, (c) as otherwise provided for a Series of Bonds in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series of Bonds, or, as determined in a Certificate of Authorized Officer or Award Certificate which is duly executed in connection with the issuance of the Bonds.

"Redemption Price" means, when used with respect to any Bond, the principal amount of such Bond (or portion thereof) plus the applicable redemption premium, if any, which is payable upon redemption thereof in the manner contemplated in accordance with its terms and in accordance with the terms of this Resolution, together with interest accrued thereon to the date fixed for redemption as such Redemption Price shall be determined by a Supplemental Resolution duly adopted by the Authority or a duly executed Certificate of Authority Officer or Award Certificate.

"Registered Owner" means the owner of any Bond which is issued in fully registered form, as determined on the Record Date, and as reflected on the registration books of the Authority which shall be kept and maintained on behalf of the Authority by the Registrar.

"Registrar" means the registrar or bond registrar for the Bonds which shall be appointed by Supplemental Resolution of the Authority pursuant to the terms of Section 1102(b) hereof, and its successor or successors, and any other corporation or association which may at any time be substituted in its place pursuant to the terms of the Resolution.

"Remarketing Agent" means any corporation, banking institution or investment banking firm which shall be appointed by the Authority pursuant to a Supplemental Resolution and its successor or successors, acting for the purpose of remarketing any Variable Rate Bonds (including, if applicable, the determination of interest rates for such Variable Rate Bonds) which have been tendered by the holders thereof to the Tender Agent for purchase in order to obtain funds

that are necessary to pay the purchase price of such Variable Rate Bonds of such date and at such time as may be established by a Supplemental Resolution authorizing the issuance of such Variable Rate Bonds.

"Rental Payment" means the payment by the Board of Education of Basic Rent payable on each Rental Payment Date and, as applicable, Additional Rent payable by the Board of Education pursuant to the Agreement.

"Rental Payment Date" means, with respect to the Bonds, not later than thirty (30) days prior to each Interest Payment Date, Principal Installment Date or Sinking Fund Installment Date on any Series of Bonds issued by the Authority pursuant to this Resolution, and such other dates determined in accordance herewith as may be set forth in a Supplemental Resolution authorizing a Series of Bonds, if any. In the event a Rental Payment Date is not a Business Day, the Rental Payment shall be made by the Board of Education on the next succeeding Business Day.

"Resolution" means this General Bond Resolution, as such term is defined in Section 106 hereof, as same may be amended or supplemented from time to time.

"Revenue Fund" means the fund so designated which is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"Revenues" means (a) all amounts, including Basic Rent received from the Board of Education pursuant to the provisions of the Agreement, (b) any investment income which is derived from the investment of any funds which are held by the Trustee and (c) 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.

"Securities Depository" means the depository for any Book-Entry Bonds which are issued hereunder and which shall be appointed by the Authority pursuant to the terms of Section 1102(c) hereof, and its successor or successors and any corporation or financial or banking institution which may be substituted in its place pursuant to the terms of the Resolution.

"Series" means any series of Bonds which is authenticated and delivered on original issuance in a simultaneous transaction and which are as designated by a Supplemental Resolution of the Authority authorizing such Series of Bonds, and which may vary in maturity, interest rate, security and other provisions, from any other Series of Bonds that may be issued in a simultaneous transaction with such Series, and any Bonds which are thereafter authenticated and delivered in lieu of or in substitution for any of such Bonds of a Series pursuant to the terms of the Resolution; provided that, in no event shall any Bonds issued as Tax-Exempt Obligations be treated as being part of the same Series as Bonds which are not Tax-Exempt Obligations.

"Serial Bonds" means the Bonds of a Series which shall be stated to mature in annual or semiannual installments.

"Sinking Fund" means the fund so designated which is herein established and created by the Authority pursuant to the terms of Section 501 hereof.

"Sinking Fund Installment" means the amount of money which is required by the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Bonds, or, as may be determined by a Certificate of Authority Officer, as the case may be, to be paid from the Sinking Fund toward the retirement of any Term Bonds. However, "Term Bonds" does not include any amount which is payable by reason only of a maturity of a Bond.

"Sinking Fund Installment Date" means any date on which any Sinking Fund Installment on any Series of Bonds shall become due and payable by the Authority, or such other date as set forth in a Supplemental Resolution or Award Certificate authorizing a Series of Bonds. In the event a Sinking Fund Installment Date is not a Business Day, principal shall be paid on the next succeeding Business Day for the Sinking Fund Installment payable on the Sinking Fund Installment Date.

"Sinking Fund Requirement" means, as of any particular Withdrawal Date in a particular Bond Year and with respect to all Bonds which are Outstanding on such date, an amount of money which is equal to all prior Sinking Fund Installments then due and unpaid plus that portion of the Sinking Fund Installment for Outstanding Bonds that is due and payable on such Sinking Fund Installment Date, as the case may be as shall be determined by Supplemental Resolution of the Authority or by a duly executed Certificate of Authority Officer.

"Supplemental Resolution" means any resolution of the Authority amending or supplementing this Resolution which is duly adopted and which becomes effective in accordance with the terms of Article VIII hereof.

"Tax-Exempt Obligations" means any Series of Bonds which are issued pursuant to the terms of the Resolution together with an opinion of Bond Counsel to the effect that the interest on such Bonds is excludable from gross income pursuant to the provisions of the Code (notwithstanding the application of the provisions of the Code relating to alternative minimum taxation).

"Tender Agent" means any tender agent which shall be appointed by the Authority pursuant to a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Variable Rate Bonds, and its successor or successors, in connection with the purchase of Variable Rate Bonds which are tendered by the holders thereof, or any other banking institution, corporation or investment banking firm which may be substituted therefor pursuant to the terms of the Resolution or the terms of the agreement appointing the Tender Agent.

"Term Bonds" means the Bonds of a Series which shall be stated to mature on one date, rather than serially, and which shall be subject to retirement by operation of the Sinking Fund.

"Trustee" means the trustee for the Bonds which shall be appointed by Supplemental Resolution of the Authority pursuant to the terms of Section 1101 hereof, and its successor or successors, and any other corporation or association which may at any time be substituted in its place pursuant to the terms of the Resolution.

"Variable Rate Bonds" means any Bonds which bear interest at a variable rate of interest and which are issued in accordance with the terms of Section 304 hereof.

"Withdrawal Date" means the Business Day preceding the Principal Installment Date, Sinking Fund Installment Date or Interest Payment Date on the Bonds.

Words importing persons include firms, associations and corporations; and

Words importing the maturity or payment of a Bond do not include or connote redemption of such Bond prior to maturity pursuant to the terms of this Resolution or the payment of the Redemption Price thereof; and

Words importing the redemption of, redeeming or calling for redemption of a Bond do not include or connote the payment of such Bond at its stated maturity date, or the payment of such Bond upon declaring the same due and payable in advance of such maturity date, or the purchase of such Bond; and

Words importing the singular number include the plural number and vice versa.

Section 102. Successors and Assigns. Whenever the Authority is named or referred to in the Resolution, such reference shall be deemed to include its successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations, and agreements by or on behalf of, and other provisions for the benefit of, the Authority which are contained in the Resolution shall bind and inure to the benefit of such successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Authority, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of the Resolution or to comply with or fulfill any conditions which are set forth in the Resolution.

Section 103. Parties Interested Herein. Nothing which is contained in the Resolution (expressed or implied) is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Authority, any Fiduciary, the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility, if any, or the Holders of the Bonds, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements which are contained in the Resolution and which are to be performed by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, any Fiduciary, the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility and the holders of the Bonds.

Section 104. Severability of Invalid Provisions. If any one or more of the covenants or agreements which are contained in the Resolution which are to be performed on the part of the Authority, any Fiduciary or any agent or employee of the Authority should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed separable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Resolution or of the Bonds.

Section 105. Applicable Law. The Resolution is adopted pursuant to statutes of the State of New Jersey, and the law of said State shall be applicable to its interpretation and construction.

Section 106. Short Title. This resolution may hereafter be cited by the Authority and is hereinafter sometimes referred to as the "General Bond Resolution" or the "Resolution".

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ARTICLE II

Determinations By and Obligations of the Authority

Section 201. Authority for Resolution. The Resolution is hereby adopted by virtue of the Act and pursuant to its provisions, and the Authority has ascertained and hereby determines that each and every act, matter, thing or course of conduct for which provision is made in the Resolution is necessary in order to carry out and to effectuate the purposes of the Authority in accordance with the Act and to carry out powers expressly given to the Authority in the Act and to further secure the payment of the principal of, redemption premium, if any, and interest on the Bonds.

Section 202. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of the Resolution shall be deemed to be and shall constitute contracts between the Authority, the Trustee, the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility and the Holders from time to time of the Bonds. Any pledge which is made in the Resolution and the covenants and agreements which are set forth herein and which are to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility (for as long as such Credit Facility, Liquidity Facility or Bond Reserve Credit Facility remains outstanding) and the Holders of any and all of the Bonds of a particular Series and all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds of said Series over any other thereof except as expressly provided in or pursuant to the terms of the Resolution.

Section 203. Obligation of Bonds. The Bonds shall be special obligations of the Authority and the principal of, redemption premium, if any, and interest on the Bonds shall be payable from, (i) the Revenues available for such Series of Bonds (except such moneys that are required to be rebated to the United States government pursuant to the provisions of the code in order to insure that interest on any Bonds which are issued as Tax-Exempt Obligations continues to be excludable from gross income under the Code), (ii) all moneys, securities and funds which are pledged under the terms of the Resolution, as and to the extent provided in Section 502 hereof. All Bonds of a particular Series and Bondholders of a particular Series of Bonds and the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility (for as long as the Authority has a reimbursement obligation to the issuer of such Credit Facility, Liquidity Facility or Bond Reserve Credit Facility) shall be entitled to the benefit of the continuing pledge and lien created by the Resolution to secure the full and final payment of the principal of, redemption premium, if any, and interest on the Bonds of a particular Series.

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ARTICLE III

Authorization, Terms, Execution and Issuance of Bonds

Section 301. Authorization of Bonds. The Authority shall enter into the Agreement with the Board of Education. In accordance with the terms of the Act and subject to and in accordance with the provisions of this Resolution and for the purpose of raising funds to pay the Costs of the Project, together with amounts required to be deposited into any fund or account which is established pursuant to the terms of Section 501 hereof, Bonds of the Authority, each constituting a Bond, are hereby authorized to be issued from time to time in one or more Series in an aggregate principal amount not exceeding \$19,500,000 including amounts required to be deposited into any fund or account which is established pursuant to the terms of Section 501 hereof; provided, that Bonds may be issued in excess of \$19,500,000 in order to provide funds for the refunding of any Bonds.

Section 302. Particular Terms of the Bonds. (1) The Bonds shall be issued to provide for the cost of The Project in an aggregate principal amount not to exceed \$19,500,000. Said Bonds shall be entitled "Lease Revenue Bonds, Series 2015 (Roselle Board of Education Early Childhood Learning Center Project)" or such other year to reflect the year in which issued. The Bonds shall be dated, shall bear interest at such rate or rates, including variable interest rates, per annum and shall mature as may be fixed by a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer signed prior to their authentication and delivery of the Bonds. Such resolution may contain any other terms and provisions of the Bonds not fixed by this Resolution, including any provisions necessary in connection with the issuance of Capital Appreciation or Variable Rate Bonds. The Bonds shall be payable as to principal or Redemption Price at the principal corporate trust office of the Paying Agent. Interest on the Bonds shall be payable in accordance with the provisions of this section. The Bonds shall be subject to redemption prior to their respective maturities to the extent, in the order, at the times, at the terms, at such Redemption Price and subject to all other terms, conditions and provisions in conformity with the Article VII as shall be specified and determined by the Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer signed prior to their authentication and delivery of the Bonds.

(2) Toward the retirement of any Bonds which are Term Bonds, there shall be due and the Authority shall pay Sinking Fund Installments on the particular dates or in such several amounts as shall be specified and determined by a Supplemental Resolution of the Authority adopted or a Certificate of the Authority Officer signed prior to their authentication and delivery of the Bonds.

Section 303. General Terms of Bonds. The Bonds shall bear such designation or title, including the words "Lease Revenue Bonds, Series 2015 (Roselle Board of Education Early Childhood Learning Center Project)" as may be fixed by a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer signed prior to their authentication and

delivery on original issuance by the Trustee. The Bonds shall mature on the date set forth in such Supplemental Resolution or a Certificate of Authority Officer signed, shall be payable, with respect to principal, Redemption Price, if any, and interest in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts, shall be issued in either the form of a fully registered Bond without coupons, each such Bond being payable to a named person or registered assigns, shall be substantially in the form provided in Section 1207 hereof, with such omissions, insertions and variations as are properly required and as are specified in a Supplemental Resolution of the Authority adopted prior to their authentication and delivery.

Interest on each of the Bonds shall be payable from and after its date on the dates set forth in such Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer signed prior to their authentication and delivery. All Bonds shall be of the denomination of \$5,000, or any integral multiple thereto, and shall each be in substantially the form provided for Section 1207 hereof. The Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words as are (a) not inconsistent with the provisions of the Resolution, (b) necessary or desirable to comply with custom or the rules of any securities exchange or commission or brokerage board, and (c) authorized by a Supplemental Resolution of the Authority adopted or a Certificate of Authority Officer signed prior to the authentication and delivery thereof.

Each Bond, including Capital Appreciation or Variable Rate Bonds, shall bear interest which may be fixed or variable from its date, as the case may be. Each Bond shall be dated as set forth in a Supplemental Resolution authorizing such Bonds. Such Supplemental Resolution shall contain terms not otherwise fixed by this Resolution, including any provisions necessary in connection with the issuance of Capital Appreciation or Variable Rate Bonds. Interest on the Bonds shall be paid by check, wire or bank draft and mailed to the Registered Owner of such Bond at the address on file with the Registrar.

Section 304. Book-Entry System. The Bonds may be issued or subsequently registered in the name of a Securities Depository or a nominee therefor, and held in the custody of the Securities Depository. In such event, a single bond will be issued and delivered to the Securities Depository for each Series of Bonds, and neither the actual purchasers of the Bonds (the "Beneficial Owners") nor the Paying Agent will receive physical delivery of Bond certificates except as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds will receive, hold or deliver any Bond certificate. The Authority, the Trustee and the Paying Agent will recognize the Securities Depository or its nominee as the Bondholder for all purposes, including notices and voting.

The Authority and the Trustee covenant and agree, so long as The Depository Trust Company or any other Securities Depository serves as Securities Depository for the Bonds, to meet the requirements of The Depository Trust Company or such other Securities Depository with respect to required notices and other provisions of the letter of representations or agreement executed with respect to such Bonds.

The Authority, the Trustee and the Paying Agent may rely conclusively upon (a) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry System with respect to the Bonds and (b) a certificate of any such Participant as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owners.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined through the books of the Securities Depository, the requirements in this Resolution of holding, delivering or transferring such Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository with respect to such actions to produce the same effect. Any provisions hereof permitting or requiring delivery of such Bonds shall, while such Bonds are in a Book-Entry System, be satisfied by the notation on the books of the Securities Depository in accordance with applicable state law.

The Authority may from time to time appoint a Securities Depository or a successor thereto and the Trustee and the Authority may enter into a letter of representation or other agreement with such Securities Depository to establish procedures with respect to the Bonds. Any Securities Depository shall be a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended.

Neither the Authority, the Trustee nor the Paying Agent will have any responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant; (b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Bonds; (c) the delivery of any notice by the Securities Depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Bonds; or (e) any other action taken by the Securities Depository or any Participant.

Bond certificates are required to be delivered and registered in the name of the Beneficial Owner, under the following circumstances:

- (a) A Securities Depository determines to discontinue providing its service with respect to such Bonds and no successor Securities Depository is appointed as described above; or
- (b) The Authority determines not to continue the Book-Entry System through a Securities Depository.

If, at any time, the Securities Depository ceases to be the registered owner of the Bonds, thereafter all references herein to the Securities Depository shall be of no further force or effect.

None of the Authority, the Paying Agent or the Trustee will have any responsibility or obligation to any Participant for the Book-Entry System or to the Beneficial Owners with respect

to the records delivered to the Authority and the Trustee in order to accomplish the delivery and registration in the names of the Beneficial Owners.

Section 305. Execution of Bonds. Each Bond shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of its Chairman, Vice Chairman or Executive Director and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or Assistant Secretary. In the event that any officer who shall have signed, sealed or attested any of the Bonds shall cease to be such officer of the Authority before the Bonds so signed, sealed or attested shall have been authenticated and delivered by the Trustee upon original issuance, such Bonds may nevertheless be authenticated and delivered as herein provided as if the person who signed, sealed or attested such Bonds had not ceased to be such officer. Any Bonds may be signed, sealed or attested on behalf of the Authority by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not have held such office.

Section 306. Authentication of Bonds. The Bonds shall bear thereon a certificate of authentication, substantially in the form set forth in Section 1207 hereof, which shall be duly executed upon original issuance by an authorized signature of the Trustee (after such Bonds have been registered by the Registrar), and thereafter, by an authorized signature of the Registrar (except in the case of Book-Entry Bonds, other than the redemption of a portion of such Book-Entry Bonds, in which case the portion of such Book-Entry Bonds which are not redeemed shall be registered by the Registrar). Only such Bonds as shall bear such certificate of authentication thereon, and which have been duly executed, shall be entitled to any right or benefit under the terms of this 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 Registrar, as the case may be. The certificate of authentication upon any Bond shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under the terms of this Resolution and that the Holder thereof is entitled to the benefit of the Resolution.

Section 307. Interchangeability of Bonds. Registered Bonds, upon surrender thereof at a designated corporate trust office of the Registrar, together with a written instrument of transfer which is satisfactory to the Registrar and which is duly executed by the Registered Owner thereof or by his attorney duly authorized in writing, accompanied by a signature guarantee, may, at the option of such Registered Owner, be exchanged for Registered Bonds of the same Series, designations, maturity and interest rate of any other of the authorized denominations. Book-Entry Bonds shall be subject to exchange upon the terms and conditions provided in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be.

Section 308. Registration of Registered Bonds and Agency Therefor. The Authority shall cause the Registrar to maintain and keep books for the registration and transfer of the Bonds, and, upon presentation thereof for such purpose at the designated office of the Registrar, together with a written instrument of transfer which is satisfactory to the Registrar, and which is duly

executed by the Registered Owner thereof or by his attorney duly authorized in writing, the Registrar shall register or cause to be registered therein, and permit to be transferred thereon or to be exchanged, under such reasonable regulations as the Registrar may prescribe, any Registered Bond which shall be entitled to registration, transfer or exchange. The Registrar is hereby appointed by the Authority to serve as its agent for such registration, transfer or exchange of Bonds. Provisions relating to the transfer and registration of Book-Entry Bonds shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be. Notwithstanding anything contained herein to the contrary, upon the occurrence of an Event of Default requiring payment of all or any portion of the principal of and interest on the Bonds by the issuer of any Credit Facility, the Registrar shall provide the issuer of such Credit Facility and its designated agent with access to the registration books of the Authority.

Section 309. Transfer of Registered Bonds. Each Registered Bond shall be transferable only upon the registration books of the Authority at the designated office of the Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer which is satisfactory to the Registrar and which is duly executed by the Registered Owner or by such duly authorized attorney, together with a signature guarantee and such other and further documentation as the Registrar may reasonably request. Upon the transfer of such Registered Bond, the Authority shall execute, and the Registrar shall authenticate and deliver or make available for pick-up, a new Bond or Bonds (registered in the name of the transferee) of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Bond. Provisions relating to the transfer of Book-Entry Bonds shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be.

Section 310. Ownership of Bonds and Effect of Registration. As of the Record Date, the Authority and any Fiduciary may treat and consider the person in whose name any Registered Bond is registered as the Holder and absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of, redemption premium, if any, or interest thereon and for all other purposes whatsoever, and payment of, or on account of, the principal of, redemption premium, if any, or interest on such Bond shall be made only to, or upon the order of, such Registered Owner thereof. However, such registration may be changed or discharged as provided in the Resolution. All payments which are made as provided in this Section shall be valid and effectual to satisfy and discharge the Authority's liability upon the Bonds to the extent of the sum or sums so paid.

Section 311. Re-issuance of Mutilated, Destroyed, Stolen or Lost Bonds. In case any Outstanding Bond shall become mutilated or shall be destroyed, stolen, or lost, the Registrar shall authenticate and deliver or make available for pick-up, a new Bond of like tenor, number and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and in substitution for such mutilated Bond and upon surrender of such mutilated Bond or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Registrar of evidence which is satisfactory to

the Authority and the Registrar that such Bond has or have been destroyed, stolen or lost, and together with a signature guarantee and such other and further documentation as the Registrar may reasonably request. The owner of such Bond shall also provide the Registrar with proof of the ownership thereof, and shall furnish the Authority and the Registrar with indemnification satisfactory to them and shall comply with such other reasonable regulations, as the Authority and the Registrar may prescribe, and the owner of such Bond shall pay such expenses as the Authority and the Registrar may incur in connection therewith. In lieu of reissuing a mutilated, destroyed, lost or stolen Bond which is due and payable or which will be due and payable within sixty (60) days thereof, the Authority may pay the amount which is due on such Bond to the owner or Holder thereof, provided all of the requirements of this Section have been met.

Section 312. Regulations with Respect to Registrations, Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Registered Bonds is exercised, the Authority shall execute and the Registrar shall authenticate new Bonds in accordance with the provisions of the Resolution. For every registration, exchange or transfer of Bonds, the Authority or the Registrar, as the case may be, may charge a sum which is sufficient to reimburse them for any tax or other governmental charge or other fees which are required to be paid, which sum, if not otherwise provided for, shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of effecting such registration, exchange or transfer. During the fifteen days next preceding any interest payment date of the Bonds, or in the case of any proposed redemption of Bonds, subsequent to the date next preceding the date of the first publication or mailing of notice of such redemption, neither the Authority nor the Registrar shall be required to make any registration, transfer or exchange of any Bonds under the provisions of this Article. The Registrar shall, if requested by the Authority, deliver to the Authority a statement of all Bonds issued in lieu of or in substitution for other Bonds pursuant to the terms of this Article, including a report of the description and disposition of such other Bonds.

Section 313. No Recourse on Bonds. No recourse shall be had for the payment of the principal of, redemption premium, if any, or the interest on the Bonds or for any claim based thereon or on this Resolution against any member or officer of the Authority or any person executing the Bonds, including the Trustee or the Registrar, as the case may be. The Bonds are not and shall not be in any way a debt or liability of the State of New Jersey or of any county or any municipality and do not and shall not create or constitute any indebtedness, liability or obligation of said State or of any county or any municipality, either legal, moral or otherwise.

Section 314. Temporary Bonds. Until Bonds in definitive form are ready for delivery, the Authority may execute, and upon its written request, the Trustee upon original issuance, and thereafter the Registrar, shall authenticate and deliver one or more printed, lithographed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described, together with any appropriate omissions, variations and insertions. Such Bond or Bonds in temporary form shall be in such authorized denominations as the Authority may determine. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of the Resolution. The Authority shall, without unreasonable delay,

prepare, execute and deliver to the Registrar, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form, the Registrar shall authenticate and deliver, in exchange therefor, a Bond or Bonds in definitive form in authorized denominations of the same maturity and for the same aggregate principal amount as the surrendered Bond or Bonds in temporary form. Such exchange shall be made by the Authority without making any charge therefor except that the Authority may require payment of a sum which is sufficient to cover any tax or other governmental charge that may be imposed upon it in connection therewith.

Section 315. Issuance of Each Series of Bonds and Disbursement of Proceeds of Sale and Other Funds. Upon execution by the Authority, any Series of Bonds authorized to be issued under Section 301 hereof shall be delivered to the Trustee for authentication by the Trustee upon original issuance, and thereupon the Bonds shall be authenticated by the Trustee. Upon fulfillment of the conditions hereinafter set forth, the Bonds shall be delivered by the Trustee to the Authority or upon its order. The proceeds which are derived from the sale of each Series of Bonds, including accrued interest thereon, together with other funds, if any, which are held by the Authority and which are not pledged or otherwise committed for a specific purpose, shall simultaneously with the issuance of each such Series of Bonds, be paid by the Authority as follows:

(a) To the Trustee, to be deposited in the Bond Service Fund, a sum equal to the accrued interest, if any, on the Series of Bonds from the date of the Bonds to the date of delivery thereof, and the amount, equal to capitalized interest, if any, on the Series of Bonds, as reflected in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series of Bonds, or, as shall be determined by a Certificate of Authority Officer, as the case may be;

(b) To the Trustee, to be deposited in the Construction Fund, (i) the amount which is estimated to be necessary to pay the Costs and expenses incurred or to be incurred by the Authority in connection with the issuance and delivery of the Series of Bonds, and (ii) the amounts remaining after deducting the amounts referred to in subparagraphs (a), (c) and (d) have been made;

(c) To the Trustee, to be deposited in the Bond Reserve Fund, either an amount which is required to be so deposited so that the amount on deposit therein equals the Bond Reserve Requirement or a Bond Reserve Credit Facility having a stated amount which (together with any proceeds so deposited) is required to be so deposited so that the amount on deposit therein equals the Bond Reserve Requirement; and

(d) If any Series of Bonds are secured by a Credit Facility and/or a Liquidity Facility, to the issuer of such Credit Facility, the amount which is due and payable for or with respect to the issuance of such Credit Facility and/or Liquidity Facility.

In the event that any Series of Bonds shall be issued as Variable Rate Bonds, the Supplemental Resolution of the Authority or Certificate of Authority Officer authorizing the

issuance of such Variable Rate Bonds shall also set forth any additional provisions with respect to the application of such proceeds in connection with the issuance of such Variable Rate Bonds.

In the event that any Series of Bonds are issued which pay interest on dates which are different from the established interest payment dates of Outstanding Bonds, there shall be no requirement that, on any interest payment date of any Bond, the Trustee establish reserves for the benefit of the Holder of any Bond on which interest is not being then paid unless otherwise required under the terms of the Resolution, the terms of any Supplemental Resolution of the Authority or the terms of a Certificate of Authority Officer.

Section 316. Conditions Precedent to Issuance of Each Series of Bonds. (1) The Trustee shall not deliver to the Authority, or upon its order, any Bonds pursuant to the terms of the Resolution unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee the following:

(a) A copy of the General Bond Resolution, certified by the Secretary or Assistant Secretary of the Authority;

(b) A copy of the Supplemental Resolution of the Authority, if any, certified by the Secretary or Assistant Secretary of the Authority fixing the rate or rates of interest or the maximum rates of interest on such Series of Bonds and all other terms and provisions of such Series of Bonds which are not fixed by the terms of the General Bond Resolution and a copy of each amending resolution of the Authority, if any, which has been duly adopted prior to the authentication and delivery of such Series of Bonds pursuant to and in accordance with the provisions of Section 801 hereof, each certified by the Secretary or Assistant Secretary of the Authority;

(c) A copy of the Certificate of Authority Officer, if any, duly executed in connection with the sale of the Bonds, as provided in Sections 302 and 303 hereof;

(d) The written order of the Authority as to the delivery of the Series of Bonds, signed by an Authorized Authority Representative and stating the amount of the proceeds which have been derived from the sale of the Bonds;

(e) An opinion of Bond Counsel stating, in the opinion of the signer, that (i) the General Bond Resolution, each Supplemental Resolution referred to in subparagraph (b) above and each Certificate of Authority Officer referred to in subparagraph (c) above have been duly and lawfully adopted, or executed, as applicable, by the Authority or executed by an Authorized Authority Representative, as the case may be, are each in full force and effect and are valid and binding on the Authority, the Trustee and the Holders of the Series of Bonds in accordance with their respective terms, and that all conditions precedent to the authentication of such Series of Bonds by the Trustee upon original issuance have been satisfied and that the Trustee may lawfully authenticate such Series of Bonds; (ii) the Resolution creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds which are held or set aside pursuant to the

terms of the Resolution and to the extent provided in Section 502 hereof, subject to the application thereof to the purposes and on the conditions permitted by the terms of the Resolution for repayment of such Bonds; and (iii) the Bonds of such Series are valid and binding obligations of the Authority, as provided in the Resolution, and are entitled to the benefits of the Resolution and of the Act, and that such Bonds have been duly and validly authorized and issued in accordance with law, including the Act, and in accordance with the terms of the Resolution; provided however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally;

(f) A copy of (i) the Agreement between the Board of Education and the Authority certified by the Secretary or Assistant Secretary of the Authority;

(g) A Counsel's Opinion, stating, in the opinion of the signer, that (i) the Authority has the right and power under the Act and other applicable law to enter into the Agreement; (ii) the execution of the Agreement has been duly and lawfully authorized by the Authority; and (iii) the Agreement has been duly and lawfully executed by the Authority, is in full force and effect, is valid and binding upon the Authority and is enforceable in accordance with its terms; provided however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally;

(h) A Counsel's Opinion of counsel to the Board of Education, stating, in the opinion of the signer, that (i) the Board of Education has the right and power to enter into the Agreement; (ii) the execution of the Agreement has been duly and lawfully authorized by the Board of Education; and (iii) the Agreement has been duly and lawfully executed by the Board of Education, is in full force and effect, is valid and binding upon the Board of Education and is enforceable in accordance with its terms; provided however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally;

(i) The amounts or instruments which are required to be delivered to the Trustee pursuant to the terms of Section 315 hereof;

(j) If any Series of Bonds are entitled to the benefits of a Credit Facility and/or a Liquidity Facility, the original of such Credit Facility and/or Liquidity Facility issued with respect to such Series of Bonds;

(k) If such Series of Bonds are entitled to the benefits of a Credit Facility or Liquidity Facility, an opinion of counsel to any issuer of a Credit Facility or issuer of a Liquidity Facility, stating, in the opinion of the signer, that such Credit Facility or Liquidity Facility, as the case may be, constitutes the legal, valid and binding obligation of the issuer of such Credit Facility or Liquidity Facility, as the case may be, and is enforceable in accordance with its terms; provided however, that, such opinion may take exception for limitations imposed by or resulting from

bankruptcy, insolvency, moratorium, reorganization, or other laws effecting creditors' rights generally;

(l) A Certificate of Authority Officer setting forth (1) the aggregate principal amount of Bonds which are issued on the date of such Certificate, (2) the aggregate principal amount of each Series of Bonds, if any, issued by the Authority prior to the date of such Certificate and including the date each such Series of Bonds was issued, and (3) that no default has occurred and is continuing under the terms of the Resolution and the Agreement;

(m) With respect to the issuance of any Bonds which are issued as Variable Rate Bonds, such other documents as may be required by the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Bonds, or, as may be required by a Certificate of Authority Officer executed in connection with the sale of such Series of Bonds;

(n) A Certificate of Authority Officer setting forth a listing of any additional documents which are required to be executed and delivered pursuant to the terms of any contract which is executed by or on behalf of the Authority in connection with the sale of such Series of Bonds;

(o) Each of the documents which are set forth in the Certificate of Authority Officer described in paragraph (n) above, unless waived by the purchaser of such Series of Bonds;

(p) In the event that such Series of Bonds are issued as Tax-Exempt Obligations, an opinion of Bond Counsel to the effect that the interest on such Series of Bonds is not includable as gross income under the provisions of the Code and the New Jersey Gross Income Tax Act;

(r) A certified copy of the Board of Education lease authorization ordinance along with duly certified copies of the authorization proceedings related thereto;

(2) The Authority shall not be required to liquidate any securities then held by it for the purpose of payment of the aforementioned amounts to the Trustee, and the Trustee shall be authorized and directed to accept any such securities in whole or in part as funds delivered under authority of this Section provided that such securities would constitute Investment Obligations under the provisions of the Resolution applicable to the fund or account into which such securities are deposited; provided however, that in such event, the Trustee shall receive an opinion of Bond Counsel to the effect that such actions will not, in and of itself, cause the interest on any Outstanding Bonds issued as Tax-Exempt Obligations to be includable in gross income for federal tax purposes.

Section 317. Purposes, Authorization and Description of Additional Bonds. (1) After the execution, authentication and delivery of the Bonds, Additional Bonds of the Authority may be authorized to be issued pursuant to and in accordance with the terms of the Act either (a) for the purpose of raising funds to pay the Cost of the Project or (b) for the purpose of refunding any Bonds.

(2) Any Series of Additional Bonds of the Authority shall be issued only after authorization thereof by a Supplemental Resolution of the Authority duly adopted prior to their authentication and delivery upon original issuance. Such Supplemental Resolution shall state the purpose or purposes for which such Additional Bonds are being issued, shall direct the application of the proceeds which are to be derived from the sale thereof to such purpose or purposes, and shall direct the execution and authentication thereof. Such Supplemental Resolution shall fix and determine or authorize an Authorized Authority Officer to execute a Certificate of Authority Officer which shall fix and determine the date, principal amount, denominations, designation and numbers thereof, the rate or rates of interest or maximum rate of interest to be borne thereby, the place or places of payment therefor, the redemption privileges of the Authority, if any, with respect thereto, the amount and date of each Sinking Fund Installment for the retirement of any Term Bonds, and any other provisions thereof, all in accordance with the terms of the Resolution. Upon such authorization, such Additional Bonds may upon original issuance, at one time, or from time to time, be executed by or on behalf of the Authority and delivered to the Trustee for authentication by the Trustee, as provided in the Resolution, and thereafter such Additional Bonds shall be authenticated by the Trustee upon original issuance and, upon fulfillment of the applicable conditions set forth in Section 318 hereof, shall be delivered by the Trustee to the Authority, or upon its order.

(3) All Additional Bonds shall be substantially in the form and tenor of Bonds, as provided in Section 303 and Section 1207 hereof, except that, notwithstanding any other provision contained in the Resolution to the contrary, such Additional Bonds shall be issued in such principal amounts, shall be of such denominations, shall bear such dated date and such maturity date or dates, shall bear such designation as to Series, numbers or symbols prefixed to their number distinguishing them from each other Bond, and shall be subject to redemption prior to maturity on such terms and conditions which are consistent with the provisions of the Resolution, and shall bear interest from such date at such rate or such different or varying rates of interest per annum and shall be payable at such times as may be fixed by the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds or by a Certificate of Authority Officer that was authorized to be signed by the Supplemental Resolution of Authority authorizing the issuance of such Additional Bonds.

(4) All Additional Bonds which are authorized by a Supplemental Resolution of the Authority shall constitute Bonds of a single or multiple Series, as specifically provided in such Supplemental Resolution. No bonds shall constitute Additional Bonds unless they are authenticated by the Trustee upon original issuance, and thereafter by the Registrar (except as provided herein with reference to Book-Entry Bonds), as provided in the Resolution, nor shall such Additional Bonds be entitled to any right or benefit under the Resolution unless they are so authenticated, and no Additional Bond shall be valid and obligatory for any purpose of the Resolution unless said Additional Bond shall have been so authenticated.

(5) After their authentication and delivery by the Trustee upon original issuance, Additional Bonds of a particular Series shall for all purposes hereof be deemed to constitute Bonds

under this Resolution and shall be on parity with all Bonds issued pursuant to this Resolution and shall be entitled to the pledge of the Revenues and other moneys, securities and funds provided by the Resolution and by Supplemental Resolution of the Authority or by a Certificate of Authority Officer that was authorized to be signed by the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds and such Additional Bonds shall be entitled to the security and benefit of such pledge and of the provisions of this Resolution.

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

Section 318. Conditions Precedent to Issuance of Additional Bonds. (1) The Trustee shall not authenticate or deliver upon original issuance any Additional Bonds to the Authority, or upon its order, unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee, among other things, in addition to the documents or amounts required to be delivered pursuant to the provisions of Section 316 hereof (except to the extent otherwise provided in this Section 318) the following:

(a) A copy of the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds, stating the purpose or purposes for the issuance of such Additional Bonds and otherwise conforming with the provisions of Section 317 hereof, and if such Additional Bonds are authorized for any purpose other than the refunding of Bonds, such Supplemental Resolution shall describe in brief and general terms the additional agreements to be financed by the issuance of such Additional Bonds, each certified by the Secretary or Assistant Secretary of the Authority;

(b) A copy of the Supplemental Resolution which has been duly adopted by the Authority or Certificate of Authority Officer that was authorized to be signed by a Supplemental Resolution, as the case may be, fixing the rate or rates of interest on such Additional Bonds and all other terms and provisions thereof which are not fixed by the Supplemental Resolution referred to in subparagraph (a) above, or in the Resolution, if any, certified by the Secretary or Assistant Secretary of the Authority;

(c) The written order of the Authority as to the delivery of such Additional Bonds, signed by an Authorized Authority Representative and stating, among other things, (1) the amount of the proceeds derived from the sale of such Additional Bonds, (2) the amount, if any, of such proceeds which will be paid by the Authority to the Trustee for deposit in the Bond Service Fund, and (3) the amount, if any, or the delivery of a Bond Reserve Credit Facility, or any combination of the foregoing, which in any case, is required to be deposited in the Bond Reserve Fund so that the amount in such fund equals the Bond Reserve Requirement immediately after the authentication and delivery of such Additional Bonds;

(d) The amount, if any, which is stated in said written order as the amount of such proceeds which will be paid by the Authority to the Trustee for deposit in the Bond Service Fund, which amount shall be deposited by the Trustee in the Bond Service Fund and held therein;

(e) The amount, if any, which is stated in said written order as the amount of such proceeds which will be paid by the Authority to the Trustee for deposit in the Bond Reserve Fund, which amount shall be deposited by the Trustee in the Bond Reserve Fund and held therein, or a Bond Reserve Credit Facility in an amount which satisfies the requirement of paragraph (c)(3) above;

(f) The amount of such proceeds which will remain after deducting the amount, if any, paid to the Trustee in accordance with the terms of subparagraphs (d) and (e) above, as applicable to such Series of Bonds, which amount shall be paid to the Trustee and applied in accordance with the provisions of paragraph (2) or paragraph (3) of Section 317;

(g) An opinion of Bond Counsel approving the form of the Supplemental Resolution authorizing the issuance of the Additional Bonds and stating (1) that such Bonds are authorized to be issued for a purpose referred to in Section 317(1) hereof, (2) that its terms and provisions conform to the requirements of the Act and the Resolution, (3) that the written order, certificates and amounts of money which are delivered or paid to the Trustee in accordance with the provisions of this Section 318 constitute compliance with the conditions hereinabove stated for the authentication and delivery of such Additional Bonds, (4) that all of the conditions precedent to the authentication and delivery of the Additional Bonds have been satisfied and that the Trustee may lawfully authenticate the Additional Bonds upon original issuance, and (5) that upon the execution, authentication and delivery of the Additional Bonds, all Revenues thereafter to be derived will be pledged under and subject to the lien and the pledge created by the Resolution free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, except to the extent specifically provided herein;

(h) If the Additional Bonds are entitled to the benefits of a Credit Facility and/or Liquidity Facility, the original of such Credit Facility and/or Liquidity Facility issued with respect to such Additional Bonds, together with the amount of any premium or fee which is due and payable upon delivery of the Additional Bonds with respect to such Credit Facility and/or Liquidity Facility from the proceeds derived from the sale of such Additional Bonds;

(i) If such Series of Additional Bonds are entitled to the benefits of a Credit Facility or Liquidity Facility, an opinion of counsel to any issuer of a Credit Facility or issuer of a Liquidity Facility, stating, in the opinion of the signer, that such Credit Facility or Liquidity Facility, as the case may be, constitutes the legal, valid and binding obligation of such issuer of the Credit Facility or issuer of the Liquidity Facility, as the case may be, and is enforceable in accordance with its terms; provided however, that, such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws effecting creditors' rights generally;

(j) With respect to the issuance of any Additional Bonds which are issued as Variable Rate Bonds, such other documents as may be required by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Additional Bonds upon original issuance or a Certificate of Authority Officer authorized to be executed by such Supplemental Resolution executed prior to or simultaneously with delivery of the Additional Bonds upon original issuance;

(k) A Certificate of Authority Officer setting forth a listing of any additional documents which are required to be executed and delivered pursuant to the terms of any contract which is executed by or on behalf of the Authority in connection with the sale of the Additional Bonds;

(l) Each of the documents which are set forth in the Certificate of Authority Officer described in paragraph (k) above, unless waived by the purchaser of such Additional Bonds;

(m) Such other documents as may be required by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Additional Bonds upon original issuance; and

(n) (1) In the event that such Additional Bonds are issued as Tax-Exempt Obligations, an opinion of Bond Counsel stating that the interest on such Additional Bonds is not includable as gross income under the provisions of the Code and that the issuance of such Additional Bonds will not cause the interest on any Outstanding Bonds which were issued as Tax-Exempt Obligations to be includable as gross income under the provisions of the Code.

(2) If such Additional Bonds are authorized for the purpose which is described in clause (a) of paragraph (1) of Section 317 hereof, the Trustee shall deposit the proceeds which are derived from the sale thereof which are referred to in subparagraph (f) of paragraph (1) of this Section in the Construction Fund, and the moneys so deposited shall be applied by the Authority and by the Trustee to pay the Cost of the acquisition, construction or improvement which is described in the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds.

(3) If such Additional Bonds are authorized for the purpose which is described in clause (b) of paragraph (1) of Section 317 hereof, the Trustee shall apply the remaining proceeds which are derived from the sale thereof and which are referred to in subparagraph (f) of paragraph (1) of this Section as follows: (a) an amount as is set forth in a Certificate of Authority Officer which is sufficient to pay the costs incurred in connection with the authorization, issuance and delivery of such Additional Bonds shall be deposited in the Construction Fund, and (b) the remaining amounts shall be applied to the refunding of such Bonds in accordance with the terms of the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds or the Certificate of Authority Officer authorized to be executed by such Supplemental Resolution relating to the issuance of such Additional Bonds.

(4) In the event that such Additional Bonds are entitled to the benefit of a Credit Facility, any additional conditions precedent to the issuance of such Additional Bonds which are required under the terms of such Credit Facility shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Additional Bonds or Certificate of Authority Officer authorized to be executed by such Supplemental Resolution and executed prior to or simultaneously with the authentication and delivery of such Additional Bonds.

ARTICLE IV

Construction Fund

Section 401. Establishment of Construction Fund. The Authority hereby establishes and creates a special fund, designated the "Construction Fund" which shall be held by the Trustee and in which may be deposited any moneys which are received by the Authority from any source for payment of Costs related to the Project or the proceeds (or any portion thereof) derived from the issuance of any Bonds. Amounts which are deposited in the Construction Fund shall be held by the Trustee in trust and shall be applied (in accordance with and subject to the limitations of this Article) to pay the Authority Contribution, and such moneys are hereby pledged, pending application to the payment of such Cost, to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds and such moneys shall at all times be subject to the lien of such pledge. Notwithstanding anything above to the contrary, the Trustee may from time to time establish subaccounts within any account which is created with respect to the Project.

Section 402. Purpose of the Construction Fund. The Trustee shall make payment from the Construction Fund for payment of the Authority Contribution in accordance with, and upon satisfaction of the terms of this Article. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article and the Authority shall not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

Section 403. Payments from Construction Fund. (1) Upon execution of the Agreement, and upon receipt of a Certificate of Authority Officer requesting payment, the Trustee shall make payment from the Construction Fund in the full amount of the Purchase Price as specified in the Agreement. Such Certificate of Authority Officer shall indicate, among other things, the amount of the payment requested and that all other terms and conditions of the Agreement have been satisfied by the Authority.

Section 404. Interim Investment of Construction Fund. Any moneys which are held in the Construction Fund (or in any subaccount created and established pursuant to the provisions of Section 401 hereof) shall be invested by the Trustee, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), in Investment Obligations; provided

however, that the maturity of every such Investment Obligation shall not be later than the time when such funds are needed to be applied to pay debt service on the Bonds. Unless otherwise determined by a Certificate of Authority Officer, investment income shall be held in the Construction Fund and applied in accordance with the terms of Article IV and Section 1206 hereof.

Section 405. Disposition of Balance in Construction Fund. (a) The Trustee, when directed in writing by an Authorized Authority Representative, shall apply the balance which is on deposit in the Construction Fund as provided in, and upon the terms and conditions set forth herein.

(b) Upon receipt of a Certificate of Authority Officer, the Trustee shall apply the balance in the Construction Fund, in excess of the amount stated in the certificate referred to in subparagraph (a) above, to either (1) payment of the principal of or interest on the Bonds, (2) payment of any Sinking Fund Installment of any Series of Bonds issued for or with respect to the Agreement, (3) payment of the Redemption Price of any Bonds, all in accordance with the Certificate of Authority Officer, or (4) any other costs which, in the opinion of Bond Counsel, will not in and of itself cause the interest on any Bonds issued as Tax-Exempt Obligations to be included in gross income for purposes of the Code.

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ARTICLE V

Revenues and Funds

Section 501. Establishment of Funds. (1) In addition to the Construction Fund, the Authority hereby establishes and creates the following special funds:

- (a) Revenue Fund;
- (b) Bond Service Fund;
- (c) Sinking Fund;
- (d) Bond Reserve Fund;
- (e) Operating Fund;
- (f) General Fund; and
- (g) Rebate Fund.

(2) Each of said funds shall be held by the Trustee.

(3) Other funds or accounts may be created by Supplemental Resolution of the Authority duly adopted by the Authority or by a Certificate of Authority Officer duly authorized to be executed by a Supplemental Resolution, duly executed prior to the authentication and delivery of a particular Series of Bonds upon original issuance; provided however, that prior to the creation of any such fund or account, the Authority shall deliver a written opinion of Bond Counsel to the Authority stating that, in the opinion of such firm, the creation of such fund or account will not adversely affect the rights of existing Bondholders.

Section 502. Pledge Securing Bonds. (a) The Bonds of each Series are hereby separately and individually secured by (i) the Revenues available for such Series of Bonds (except such moneys that are required to be rebated to the United States government pursuant to the provisions of the Code in order to insure that interest on any Bonds which are issued as Tax-Exempt Obligations continues to be excludable from gross income under the Code), and (ii) all moneys, securities and funds which are held or set aside or which are to be held or set aside with respect to any Series of Bonds pursuant to the terms of the Resolution or Supplemental Resolution or which are held in any funds or accounts which are established and created under Sections 401 and 501 hereof or by the terms of any Supplemental Resolution, for each Series of Bonds and into which shall be deposited Revenues (other than amounts which are on deposit in the Rebate Fund).

(b) [Reserved].

(c) In the event that any Credit Facility or Liquidity Facility is provided with respect to any Series of Bonds, any moneys which are made available under the terms of such Credit Facility or Liquidity Facility are pledged solely to secure the payment of the principal of and interest on the Bonds and shall not be available for any other purpose under the Resolution. Upon receipt of any such moneys by the Trustee, such moneys shall be deposited in the Bond Service Fund and applied in accordance with the provisions of Section 505 hereof.

(d) This pledge shall be valid and binding from and after the date of the first delivery by the Trustee of the first Bond which is authenticated and delivered under the terms of the Resolution. The Revenues and other moneys, securities and funds which are so pledged for each Series of Bonds and which are thereafter received by the Authority, and any other moneys hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations issued by the Authority and all other liabilities of the Authority. The lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

Section 503. Deposit of Revenues and Other Payments. (1) From and after the authentication and delivery of the first Bond to be so authenticated and delivered under the terms of the Resolution, all Revenues shall upon receipt be deposited by the Trustee into the Revenue Fund. The Trustee shall be accountable only for moneys which are actually so deposited.

(2) Any moneys which are held in the Revenue Fund shall be invested, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; provided however, that the maturity of every such Investment Obligation shall not be later than the first Business Day next preceding the Withdrawal Date.

Section 504. Periodic Withdrawals From Revenue Fund. Except as set forth above, from time to time as moneys are received in the Revenue Fund, the Trustee shall make payments from moneys on deposit in the Revenue Fund into the following several funds or accounts, but as to each such fund or account only within the limitation herein below indicated with respect thereto and only after maximum payment within such limitation into every such fund previously mentioned in the following tabulation:

First: Into the Bond Service Fund, to the extent, if any, needed to increase the amount which is on deposit in the Bond Service Fund relating to each Series of Bonds, until the amount on deposit equals the Bond Service Requirement with respect to such Series of Bonds;

Second: Into the Sinking Fund, to the extent, if any, needed to increase the amount which is on deposit in the Sinking Fund until the amount on deposit equals the Sinking Fund Requirement with respect to such Series of Bonds;

Third: Into the Bond Reserve Fund, to the extent, if any, needed to increase the amount which is on deposit in the Bond Reserve Fund until the amount on deposit equals the Bond Reserve Requirement;

Fourth: Into the Operating Fund, to the extent, if any, needed to increase the amount which is on deposit in the Operating Fund until the amount on deposit equals the Operating Fund Requirement; and

Fifth: Into the General Fund, to the extent any funds are available.

Section 505. Application, Investment and Restoration of Bond Service Fund. (1) Unless otherwise provided in a Supplemental Resolution or Certificate of Authority Officer authorized to be signed by such Supplemental Resolution authorizing the issuance of such Bonds, immediately prior to each Interest Payment Date of the Bonds, the Trustee shall withdraw from the Bond Service Fund an amount which is equal to the interest which is due and payable on the Bonds on such Interest Payment Date, and shall cause the same to be deposited with the Paying Agent who shall apply the same to the payment of said interest when due.

(2) Unless otherwise provided in a Supplemental Resolution authorizing the issuance of such Bonds, if the withdrawals which are required to be made under the provisions of paragraph (1) of this Section with respect to the same and every prior date shall have been made, the Trustee shall withdraw from the Bond Service Fund, prior to each Principal Installment Date of the Bonds, an amount which is equal to the Principal Installment of Bonds, if any, maturing on said day, and shall cause the same to be deposited with the Paying Agent who shall apply such amounts to the payment of the principal of said Bonds when due.

(3) If the withdrawals which are required to be made under the provisions of paragraph (1) and paragraph (2) of this Section with respect to the same and every prior date shall have been made, the Trustee shall withdraw from time to time from the Bond Service Fund and pay into any account which is maintained in the Sinking Fund the amount which is sufficient to reimburse said account for any Sinking Fund Installment paid from said account and accrued interest on said Bonds which have been purchased in accordance with the provisions of Section 506 hereof.

(4) If at any time there shall not be a sufficient amount on deposit in the Bond Service Fund to provide for any withdrawal therefrom which is required to be made under the provisions of paragraphs (1), (2) or (3) of this Section in order to pay any Series of Bonds, the Trustee shall, on or prior to the date on which payment from the Bond Service Fund is required to be made, withdraw an amount which is sufficient to make up such deficiency from the Bond Reserve Fund and shall deposit same into the Bond Service Fund.

(5) [Reserved].

(6) If, on the Payment Verification Date, the available funds on deposit in the Bond Service Fund and the Bond Reserve Fund are insufficient to provide for the amounts due and payable thereon, the Trustee shall notify the Authority, the Bond Insurer, if any, the Board of Education in writing no later than 3:00 p.m. on the second Business Day after the Payment Verification Date of the amount which is necessary to provide for the full payment of the amounts due and payable on the Payment Date. The Trustee shall demand that the Board of Education pay the deficiency fifteen (15) days prior to such Payment Date.

(7) Any moneys which are on deposit in the Bond Service Fund shall be invested, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; provided however, that the maturity of every such Investment Obligation shall not be later than the time when such funds are needed to be applied to pay the interest on or the principal of any Bonds. Any investment income which is derived from the investment of moneys which are on deposit in the Bond Service Fund shall remain in the Bond Service Fund; provided however, that, prior to the full payment of Rental Payments on the Agreement, upon written request of an Authorized Authority Representative, investment income which is derived from the investment of moneys which represent capitalized interest on Bonds and which were deposited in the Bond Service Fund from the proceeds derived from the sale of any Bonds shall be deposited in the Construction Fund.

(8) No amount shall be withdrawn from or paid out of the Bond Service Fund except as expressly provided in this Section or Section 1005.

Section 506. Application, Investment and Restoration of Sinking Fund. (1) The Trustee shall establish and shall maintain in the Sinking Fund a separate account for each Series of Term Bonds for which Sinking Fund Installments are established in accordance with the terms of the Resolution. Moneys which are paid into the accounts in the Sinking Fund in any Fiscal Year relating to any Series of Bonds pursuant to the terms of Section 504 hereof shall, upon receipt, be segregated and shall be set aside in such accounts in proportion to the respective amounts of the Sinking Fund Installments which are payable during such Fiscal Year with respect to the particular Term Bonds for such Series of Bonds for which each such account is maintained. Moneys which are paid into any accounts within the Sinking Fund with respect to each Series of Bonds pursuant to the terms of Section 505 hereof shall, upon receipt, be set aside in the account which is maintained therein with respect to which such payment is a reimbursement. Moneys which are paid into any account within the Sinking Fund established for each Series of Bonds pursuant to the terms of subparagraph (2) of this Section on account of any particular Sinking Fund Installment shall be set aside in the account which is maintained therein for the particular Term Bonds which are entitled to said Sinking Fund Installment. All other moneys which are paid into the Sinking Fund shall, upon receipt, be segregated and set aside by the Trustee in such accounts in proportion to the respective principal amount of Term Bonds for which each such account is maintained for each Series of Bonds.

(2) If on the date established for the payment of any Sinking Fund Installment for the Bonds, the full amount of all Sinking Fund Installments which are payable on such date shall not

have been paid into the Sinking Fund pursuant to the terms of Section 504 hereof, the Trustee shall withdraw from the Bond Reserve Fund and shall pay into the Sinking Fund on account of such Sinking Fund Installments, the amount which was not previously paid into the Sinking Fund.

(3) If at any time there shall not be a sufficient amount in the Sinking Fund to provide for any withdrawal therefrom required under the provisions of Section 506 (1) or (2) the Trustee shall withdraw from the Bond Reserve Fund, and shall pay into the Sinking Fund the amount sufficient to make up such deficiency therein. Such withdrawal shall be paid (a) first from cash on deposit in the Bond Reserve Fund, (b) second from the Bond Reserve Credit Facility, if any, provided that the Trustee shall give notice to the provider of such Bond Reserve Credit Facility as may be required to insure that the amounts, if any, to be drawn shall be available to make the required withdrawals from the Sinking Fund and shall notify the Insurer.

(4) If, on the Payment Verification Date, the available funds on deposit in the Sinking Fund are insufficient to provide for the amounts due and payable thereon, the Trustee shall notify the Authority, the Bond Insurer, if any, the Board of Education in writing no later than 3:00 p.m. on the second Business Day after the Payment Verification Date of the amount which is necessary to provide for the full payment of the amounts due and payable on the Payment Date. The Trustee shall demand that the Board of Education pay the deficiency fifteen (15) days prior to such Payment Date.

(5) The Trustee shall apply the moneys in any account which has been established in the Sinking Fund, as provided in subparagraph (1) of this Section, to the purchase or the redemption of the Bonds for which such account is maintained, in the manner provided in this Section, or to the payment of the principal thereof at maturity, as the case may be. If on any date there shall be moneys in any such account and none of the Term Bonds for which such account was established shall be Outstanding, said account shall be closed and the moneys which are on deposit therein shall (upon the written direction of the Authority) be withdrawn therefrom by the Trustee and (a) shall be segregated and set aside in the other accounts in the Sinking Fund as if and with the same effect as if paid into the Sinking Fund by the Authority on said date pursuant to the terms of Section 504 hereof, or (b) if no other accounts shall be maintained in the Sinking Fund, such amount shall be paid into the Revenue Fund.

(6) The purchase price which shall be paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond which shall be purchased pursuant to the terms of this Section shall not exceed the Redemption Price of such Bond which is applicable upon its redemption through the application of the moneys which are available for such purpose on the next date on which such Bond could be redeemed in accordance with its terms by operation of the Sinking Fund. Subject to the limitations hereinbefore set forth or referred to in this Section, at the written direction of the Authority, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Trustee in its sole discretion may determine and as may be possible with the amount of moneys which are available therefor in the Sinking Fund. The principal amount of the Bonds so

purchased may be applied by the Trustee (at the written direction of the Authority) toward satisfaction of the Sinking Fund Installment which is due in the current or any future Fiscal Year.

(7) As soon as practicable after the sixtieth day and before the thirtieth day prior to the date of each Sinking Fund Installment, the Trustee shall select for redemption on such Sinking Fund Installment due date such amount of Term Bonds of the Series for which the Sinking Fund Installment was established as will exhaust all moneys which are required to have been deposited in the Sinking Fund as of such Sinking Fund Installment due date. Accrued interest on the Bonds which are to be redeemed shall be paid from the Bond Service Fund and all expenses which are incurred by the Trustee in connection with such redemption shall be paid from the Revenue Fund or the General Fund. Unless otherwise provided in a Supplemental Resolution authorizing the issuance of such Bonds, all Bonds which are redeemed under the provisions of this Section shall be redeemed in the manner provided in Article VII of this Resolution, and prior to the date fixed for redemption the Trustee shall withdraw from the Sinking Fund the amount of the Redemption Price of such Bonds, and such amount shall be transferred to the Paying Agent by the Trustee and such amount shall be applied by the Paying Agent to the redemption of such Bonds on the date fixed for redemption.

(8) Investment income which is derived from the investment of any funds which are held in any account or subaccount within the Sinking Fund shall be deposited by the Trustee, upon receipt, in the Revenue Fund.

(9) Any moneys which are on deposit in the Sinking Fund shall be invested at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), in Investment Obligations; provided however, that the maturity of every such Investment Obligation, other than moneys which are invested pursuant to paragraph (7) above, shall not be later than the time when such funds are needed for the purposes of the Sinking Fund.

(10) No amount, if any, shall be withdrawn from or paid out of the Sinking Fund except as expressly provided in this Section or Section 1005 hereof.

Section 507. Application and Investment of Bond Reserve Fund. (1) If, on the Payment Verification Date, the available funds on deposit in the Bond Service Fund are insufficient to provide for the amounts due and payable on the Payment Date, the Trustee shall transfer such amounts from the Bond Reserve Fund to the Bond Service Fund. If, on such Payment Verification Date the available funds on deposit in the Bond Reserve Fund are insufficient to provide for the amounts due and payable on the Payment Date and are in an amount less than the Bond Reserve Requirement, the Trustee shall notify the Authority, the Bond Insurer, if any, the Board of Education in writing no later than 3:00 p.m. on the second Business Day after the Payment Verification Date of the amount which is necessary to provide for the full payment of the amounts due and payable on the Payment Date. The Trustee shall demand that the Board of Education pay the deficiency fifteen (15) days prior to such Payment Date.

(2) [Reserved].

(3) Any moneys which are on deposit in the Bond Reserve Fund shall be invested by the Trustee at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), in Investment Obligations; provided however, that the maturity of the Investment Obligations which are on deposit in the Bond Reserve Fund shall be limited to the lesser of five years or the period remaining to the last maturity date of the Bonds for which such Bond Reserve Fund was established. All income which is derived from the investment of moneys which are on deposit in the Bond Reserve Fund shall be deposited in the Revenue Fund to the extent the Bond Reserve Requirement has been satisfied and unless otherwise permitted to be transferred to another fund or account pursuant to the terms of the Resolution; provided however, that, (a) prior to full payment of principal and interest on the Bonds, at the written direction of an Authorized Authority Representative, such investment income may be deposited in the Construction Fund, or, (b) subsequent to full payment of principal of and interest on the Bonds, (such completion being evidenced by the disbursement of all funds held in the Construction Fund, or any account therein), and such investment income shall be retained in the Bond Reserve Fund (to the extent necessary so that the amount which is on deposit in the Bond Reserve Fund equals the Bond Reserve Requirement), in each case, at the written direction of an Authorized Authority Representative;

(4) No amount shall be withdrawn from or paid out of the Bond Reserve Fund except as expressly provided in this Section or in Section 505, Section 506, Section 511 or Section 1005 hereof.

Section 508. Intentionally Left Blank.

Section 509. Operating Fund. (1) Pursuant to an order of the Authority simultaneously delivered to the Trustee upon the original issuance of the Bonds, any Bond proceeds representing the Initial Authority Financing Fee shall be immediately deposited in the Operating Fund. Such amount shall be paid by the Trustee to the Authority.

(2) Amounts payable to the Authority which constitute Additional Rent, shall first be deposited to the Revenue Fund and shall thereafter be deposited into Bond Service Fund, Sinking Fund and Bond Reserve Fund in accordance with the terms hereof, immediately thereafter the Trustee shall deposit the remaining Revenues in the Operating Fund in an amount equal to the Operating Fund Requirement.

(3) Amounts deposited in the Operating Fund shall be paid out by the Trustee to the Authority for Authority Administrative Expenses as the same are incurred from time to time, including expenses incurred by the Authority in the performance of an arbitrage rebate calculation, and any other items constituting Additional Rent upon requisition therefor submitted to the Trustee and signed by an Authorized Authority Representative, as applicable, certifying: (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 amounts 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.

(4) If on any date the amount which is on deposit in the Operating Fund exceeds the Operating Fund Requirement and all withdrawals or payments from the Operating Fund which are required to be made by any other provision of this Resolution shall have been made, the Trustee shall withdraw from the Operating Fund the amount of any excess therein over the Operating Fund Requirement as determined on such date and shall pay the moneys so withdrawn into the General Fund.

(5) Any moneys which are on deposit in the Operating Fund shall be invested, at the written direction of an Authorized Authority Representative (promptly confirmed in writing), by the Trustee in Investment Obligations; provided further, that the maturity of every such Investment Obligation shall not be later than the time when such funds are needed to be applied to pay Operating Fund Requirement. Any investment income which is derived from the investment of moneys which are on deposit in the Operating Fund shall be transferred by the Trustee to the Bond Service Fund.

Section 510. Application and Investment of General Fund. (1) If on any date: (a) the amount which is on deposit in the Bond Reserve Fund shall be less than the Bond Reserve Requirement, as calculated on such date, the Trustee shall withdraw from the General Fund and shall pay into the Bond Reserve Fund the amount which is needed to increase the amount which is on deposit in the Bond Reserve Fund so that it equals the Bond Reserve Requirement and (b) the amount which is on deposit in the Operating Fund shall be less than the Operating Fund Requirement, the Trustee shall withdraw from the General Fund and shall pay into the Operating Fund the amount equal to the Operating Fund Requirement.

(2) Notwithstanding any other provision of the Resolution, whenever at any date in any Fiscal Year, (a) the amount which is on deposit in the Bond Service Fund equals or exceeds the Bond Service Requirement, (b) the amount which is on deposit in the Sinking Fund, if any, equals or exceeds the Sinking Fund Requirement, (c) the amount which is on deposit in the Bond Reserve Fund equals or exceeds the Bond Reserve Requirement, (d) the amount which is on deposit in the Operating Fund equals or exceeds the Operating Fund Requirement, (e) the Authority is not in default in the payment of the principal of, redemption premium, if any, or interest on any of the Bonds, (f) the Authority is not in default in the payment of any costs which are due and payable to the issuer of any Credit Facility or Liquidity Facility pursuant to the terms of any agreement between the Authority and such issuer, (g) all amounts required to be rebated to the United States government have been paid, and all administrative costs of the Authority, including the fees and expenses of any Fiduciary, have been paid, the Trustee shall, upon receipt of the written direction of the Authority, withdraw from and pay out of the General Fund to the Authority, free and clear of any lien or pledge created by the terms of the Resolution, any amount which is then on deposit in the General Fund. All amounts which are so withdrawn by the Trustee from the General Fund shall forthwith upon withdrawal be paid to the Authority and such amounts may be used by the Authority for any lawful purpose. Unless otherwise specifically provided by

the Authority, all amounts which are so paid to the Authority shall, upon withdrawal, be forever free and clear of any lien or pledge created by the terms of the Resolution.

(3) Notwithstanding anything contained in paragraph (2) above to the contrary, no withdrawals shall be made from the General Fund free and clear of any lien or pledge of the Resolution until and unless an amount equal to all interest which is payable on the interest payment dates during the current Bond Year and all Principal Installments and Sinking Fund Installments payable during the current Bond Year are on deposit in the Bond Service Fund; provided, however, that withdrawals may be made from the General Fund to increase the amount on deposit in the Bond Service Fund or the Sinking Fund to an amount equal to the Bond Service Requirement.

(4) Any moneys which are on deposit in the General Fund shall be invested by the Trustee, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), in Investment Obligations; provided however, that the maturity of every such Investment Obligation shall not be later than fifteen years from the date of such investment. All income which is derived from the investment of moneys which are on deposit in the General Fund shall be deposited in the Revenue Fund.

(5) No amount shall be withdrawn from or paid out of the General Fund except as expressly provided in this Section or as provided in Section 610 and Section 1005 hereof.

Section 511. Application and Investment of Rebate Fund. (a) The Authority shall determine the amounts (as well as the dates of payment) which are subject to rebate to the United States government pursuant to the provisions of the Code (in order to ensure that interest on any Bonds which are issued as Tax-Exempt Obligations continues to be excludable from Federal income taxation), (b) the amounts which are required to be rebated to the United States government shall be withdrawn from the accounts which are held under this Resolution (other than from any funds which are held for the payment of the purchase price for Variable Rate Bonds upon the tender of such Variable Rate Bonds by the Holders thereof), at the written direction of the Authority, and be deposited in the Rebate Fund. Such amounts shall be held in the Rebate Fund pending withdrawal of such amounts for payment to the United States government.

(b) Moneys which are on deposit in the Rebate Fund shall be invested by the Trustee, at the oral direction of an Authorized Authority Representative (promptly confirmed in writing), in Investment Obligations; provided however, that such investments shall mature in such amounts and at such times as will permit funds to be available when needed to make payments to the United States Government in accordance with the terms of this Section 511. All income from such Investment Obligations shall be held within the Rebate Fund.

(c) If there is not a sufficient amount in the Rebate Fund for any required payment to the United States government, the Authority shall promptly pay, or cause the Board of Education to pay to the Trustee, from other sources or from moneys which are on deposit in the General Fund and which are available for such purpose, the amount which is necessary to make up such deficiency.

At the written direction of the Authority delivered to the Trustee, the rebate amount shall be paid to the United States of America in installments which shall be made at least once every five (5) years from the date of issuance of the Series of Bonds to which such payment relates. The first such installment shall be payable to the United States of America on behalf of the Authority not later than thirty (30) days subsequent to the end of the fifth (5th) year following the date of issuance of the Series of Bonds to which such payment relates and shall be in an amount which ensures that at least ninety percent (90%) of the amount described above with respect to such Series of Bonds is paid. Each subsequent payment shall be made not later than five (5) years after the date the preceding payment was due. Within sixty (60) days after the payment of the Bonds, the Authority shall direct the Trustee, in writing, to pay to the United States on behalf of the Authority one hundred percent (100%) of the aggregate amount due with respect to such Series of Bonds which has not been theretofore paid.

At the (i) maturity of the Bonds, (ii) if the Bonds are redeemed prior to maturity, the date on which the Bonds are redeemed, (iii) each year, on the anniversary date of the issuance of the Series of Bonds to which such payment relates, and (iv) any other date that may be required by the Code (each a "Computation Date"), the Authority shall determine the amount of the rebate which shall be payable to the United States on behalf of the Authority and shall promptly deliver written notice of such amount and the detailed basis of calculation therefore to the Trustee. On each Computation Date, if such rebate amount exceeds the amount which is then on deposit in the Rebate Fund, such Rebate amount shall be transferred by the Trustee from the Funds hereunder at the written direction of the Authority to the Rebate Fund until such amount is paid as a rebate to the United States of America. If there is not a sufficient amount in the Rebate Fund for any required payment the United States government, the Authority shall promptly pay to the Trustee, from other sources or from moneys which are on deposit in the General Fund and which are available for such purpose, the amount which is necessary to make up such deficiency.

Section 512. Funds Held for Payment of Bonds. The amounts which are held by the Trustee or which are applied by the Paying Agent for the payment of the principal of, redemption premium, if any, interest or Sinking Fund Installment which is due on any date with respect to particular Bonds appertaining thereto, if any, shall, pending such payment, be set aside and held in trust for the Holders of the Bonds who are entitled to such payment, and for the purposes of the Resolution, such principal, redemption premium, if any, and interest after the date fixed for the payment thereof, shall no longer be considered to be unpaid.

Section 513. Cancellation of Bonds. All Bonds which are purchased, redeemed or paid shall, if surrendered to the Authority or to any Paying Agent, be cancelled by it and delivered to the Registrar, or if such Bonds shall be surrendered to the Registrar, shall be cancelled by it. Such Bonds shall not be deemed to be Outstanding under the terms of the Resolution and no Bonds shall be issued in lieu thereof. All such Bonds shall be cancelled by the Registrar and the Registrar shall be authorized to destroy such cancelled Bonds upon receipt of an order of the Authority and a certificate thereof shall be delivered by the Registrar to the Authority.

Section 514. Assignment of Agreement. All rights of the Authority to receive Basic Rent, Additional Rent (excluding the Authority Administrative Expenses and any other payments from the Board of Education under the provisions of the Agreement are hereby pledged for the benefit and security of the holders of the Bonds in order to secure the punctual performance by the Authority of all of its obligations under the terms and provisions of this Resolution with respect to such Series of Bonds and, for said purpose, such rights are hereby assigned by the Authority to the Trustee. All Basic Rent, Additional Rent with the Board of Education which are to be received by the Authority pursuant to the terms of the Agreement are to be paid directly to the Trustee for deposit into the Revenue Fund and the provisions herein. The Agreement shall contain a provision providing for such assignment by the Authority and for the consent of the Board of Education to such assignment.

Section 515. [Reserved].

Section 516. Satisfaction of Agreement. Upon the payment in full of all amounts due under the Agreement (including all Basic Rent and Additional Rent), the Authority shall cancel the obligation of the Board of Education evidenced by such Agreement and terminate and release all security interests and liens created under such Agreement and the Authority or the Trustee shall take any other action required of the Authority or the Trustee in the Agreement, in connection with such cancellation, termination and release, including (without limitation) the execution of all relevant documents in connection with such actions.

ARTICLE VI**Particular Covenants of Authority**

Section 601. General. The Authority hereby particularly covenants and agrees with the Trustee, the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility and with the holders of the Bonds and makes provisions which shall be a part of its contract with such holders to the effect and with the purpose set forth in the following provisions and Sections of this Article and agrees to such other covenants as shall be provided by a duly adopted Supplemental Resolution or by a duly executed Certificate of Authority Officer.

Section 602. Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid the principal of, redemption premium, if any, and the interest on every Bond, on the dates, at the place and in the manner provided for in the Bonds according to the true intent and meaning thereof. The Authority shall pay to the Trustee any part of any Sinking Fund Installments which are payable on or before said due date which has not been previously paid into the Sinking Fund pursuant to any other provisions of the Resolution.

Section 603. Offices for Servicing Bonds. The Authority shall, at all times, maintain an office or agency in the State of New Jersey or in the Borough of Manhattan, State of New York where Bonds may be presented for registration, transfer or exchange, and where Bonds may be presented for payment or redemption. The Authority hereby irrevocably appoints the Registrar as its agent to maintain such office for the registration, transfer or exchange of Bonds. The Authority shall appoint one or more Paying Agents as its agent to maintain such office for the payment or redemption of Bonds.

Section 604. Amount of Revenues. The Authority shall collect Revenues in an amount so that the Revenues which are collected and paid to the Trustee pursuant to the terms of Article V hereof for each Fiscal Year, will be at least sufficient (1) to provide an amount which is equal to the Bond Service Requirement (except any part thereof, the payment of which has been provided for by the deposit of proceeds derived from the sale of Bonds in the Bond Service Fund) and Sinking Fund Requirement, (2) to provide in each Fiscal Year the amount, if any, which is needed so that the amount which is on deposit in the Bond Reserve Fund will equal the Bond Reserve Requirement, (3) to provide for the payment of all other charges or liens whatsoever which are payable by the Authority out of such Revenues during such Fiscal Year, and (4) to provide in such Fiscal Year for payment of any additional amounts which are necessary to comply with the provisions of the Resolution and all other statutory and legal obligations of the Authority.

Section 605. Sale or Encumbrance. Except to the extent otherwise permitted by the Act, no part of the Agreement shall be sold, pledged, encumbered or otherwise disposed of.

Section 606. Creation of Liens; Subordinated Indebtedness. Except as provided in Section 317 (relating to the issuance of Additional Bonds), the Authority shall not issue any bonds,

notes, or other evidences of indebtedness, other than the Bonds, which are secured by a pledge of or other lien or charge on the Revenues and shall not create or cause to be created any lien or charge on such Revenues or on any amounts which are held by the Trustee or by any Paying Agent under the terms of the Resolution; provided however, that neither this Section nor any other provision of the Resolution shall prevent the Authority from issuing bonds or notes or other obligations for the purposes of the Authority which are payable out of, or which are secured by a pledge of Revenues which are to be derived on and after such date as the pledge of such Revenues which is provided in the Resolution shall be discharged and satisfied as provided in Section 1201 hereof. In addition, the Authority shall not be prevented from issuing bonds or notes or other obligations for the purposes of the Authority which are payable out of or which are secured by a subordinate pledge of the Revenues, or by a pledge of amounts which may be withdrawn from the General Fund pursuant to the terms of paragraph (2) of Section 510 hereof, and (a) that are issued for a purpose, the completion of which, in the opinion of an Authorized Authority Representative (as evidenced by a certificate filed with the Trustee) will not cause a reduction in Revenues to be thereafter derived by or for the account of the Authority, and (b) which shall recite on their face that such pledge of said amounts is and shall be in all respects subordinate to the provisions of the Resolution and the lien and pledge created by the Resolution.

Section 607. Arbitrage and Tax Provisions. (1) The Authority hereby particularly covenants and agrees with the Holders of the Bonds which are issued as Tax-Exempt Obligations that (a) no part of the proceeds which are derived from the sale of any Series of the Bonds shall be used directly or indirectly to acquire any "investment obligations," as such term is defined in the Code, or any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond," as such term is defined in Section 148 of the Code (an "Arbitrage Bond"), and (b) it will not take any actions which, if taken, would cause any of the Bonds to be an Arbitrage Bond.

(2) The Authority will not take any actions which, if taken, will cause the interest on Bonds which are issued as Tax-Exempt Obligations to be includable as gross income under the provisions of the Code.

(3) The Board of Education will not take any actions which, if taken, will cause the interest on the Agreement which are issued as Tax-Exempt Obligations to be includable as gross income under the provisions of the Code.

Section 608. Annual Budget. The Authority shall prepare, file and adopt an Annual Budget for each Fiscal Year in accordance with the provisions of the Local Authorities Law. A copy of such Annual Budget shall be filed with the Trustee on or prior to the last day of each preceding Fiscal Year and shall be mailed by the Authority to the issuer of any Credit Facility or Liquidity Facility and any Bondholder upon request.

Section 609. Accounts and Audit. The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the collection of Revenues or any part thereof, and

which, together with all other books and papers of the Authority, shall at all reasonable times be subject to inspection by the Trustee, the Board of Education or by the holder or holders of not less than five per centum (5%) in aggregate principal amount of the Bonds which are then Outstanding or their representatives which are duly authorized in writing. The Authority shall cause its books and accounts to be audited annually as of the end of each Fiscal Year. Such audit shall be made by an Accountant selected by the Authority.

Section 610. Further Assurances. The Authority shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming all and singular rights, revenues and other funds which are hereby pledged or assigned, or which are intended to be so pledged or assigned, or which the Authority may hereafter become bound to pledge or assign, or as may be reasonable and as may be required to carry out the purposes of the Resolution and to comply with the terms of the Act. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect (a) the pledge of the Revenues and the other funds which are pledged hereunder, and (b) the rights of the Bondholders provided hereunder against all claims and demands of all persons whomsoever.

Section 611. Conditions Precedent. On the date of issuance of any Series of Bonds, all conditions, acts and things which are required by the Constitution or by the statutes of the State of New Jersey or by this Resolution to exist, to have happened and to have been performed precedent to or in the issuance of any Series of Bonds shall exist, shall have happened and shall have been performed, and such Series of Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by said Constitution or statutes.

ARTICLE VII

Redemption of Bonds

Section 701. Privilege of Redemption and Redemption Prices. The Bonds of any Series or all or any portion of any Series of Bonds which are subject to redemption prior to maturity at the option of the Authority, shall be subject to redemption by or on behalf of the Authority upon the giving of notice as provided in this Article, to such extent, through application of such moneys, at such time or times, in such order, and on such other terms and conditions as shall be provided by the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series of Bonds upon original issuance or by a Certificate of Authority Officer authorized to be signed by the Supplemental Resolution, as the case may be, and as shall be provided in said Bonds. Such Bonds or portion of any Series of Bonds shall be redeemed in whole or in part on any date at the Redemption Prices set forth in said Bonds and which are applicable upon such redemption (and if no provision as to such order of redemption is made as provided above, then in such order as the Authority shall direct). If less than all of the Bonds of such Series of like maturity which are then Outstanding are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in the manner set forth below.

Section 702. Selection of Bonds to be Redeemed by Lot. In the event of redemption by lot of Bonds of like Series within a maturity, the Trustee shall assign to each Bond of such Series and maturity which is then Outstanding a distinctive number for each \$5,000 of the principal amount of such Bond and shall select by lot, using such method of selection as it shall deem proper in its discretion and from the numbers of all Bonds of such Series to be redeemed, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be those Bonds whose numbers were so selected; provided however, that only so much of the principal amount of each such Bond (of a denomination of more than \$5,000) shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. For the purposes of this Section, Bonds, or portions thereof, which have theretofore been selected for redemption by lot shall not thereafter be deemed to be Outstanding.

Section 703. Notice of Redemption. When the Trustee shall be required or shall be authorized, or shall receive written notice from the Authority of its election to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and the provisions of the Resolution, select the Bonds to be redeemed and the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds. Such notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption price, the redemption date and the place or places where amounts which are due and payable 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 to be redeemed, and, in the case of a Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount thereof to be redeemed. Such notice shall further state that on such date the Redemption Price thereof shall become due and payable with respect to each Bond to be redeemed, or the Redemption Price of the specified portion of the principal amount thereof (in the case of a Bond to be redeemed in part

only), together with interest accrued thereon to the redemption date, and such notice shall also state that from and after such date interest on such Bond, or portion thereof, shall cease to accrue and be payable. Such notice shall be given by mailing a copy of such notice, postage prepaid, not less than twenty-five (25) days prior to such redemption date, to the Registered Owner of any Bond all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registration books of the Authority which are kept and maintained on behalf of the Authority by the Registrar. However, such mailing shall not be a condition precedent to such redemption and the failure of the Trustee to mail such notice or the failure of such notice to be received by the Holder of such Bond or portions of such Bonds shall not affect the validity of any proceedings for such redemption.

Section 704. Authority's Election to Redeem. The Authority shall give written notice to the Trustee of its election to redeem Bonds and of the redemption date, which notice shall be given at least forty-five (45) days prior to the redemption date or at such later date as shall be acceptable to the Trustee, but in no event later than thirty-five (35) days prior to the redemption date. In the event that the required notice of redemption shall have been given, the Authority shall, and hereby covenants that it will pay to the Trustee an amount which, in addition to any other moneys available therefor and held by the Trustee, will be sufficient to redeem all of the Bonds or portions of the Bonds which have been selected for redemption.

Section 705. Payment of Redeemed Bonds. If notice has been given (in the manner provided in Section 703 hereof), the Bonds, or portions thereof, which have been called for redemption and which have been specified in said notice shall become due and payable on the redemption date specified in said notice at the Redemption Price thereof which are applicable on such date, and, upon presentation and surrender thereof at the place or places specified in said notice together with, in the case of Bonds registered otherwise than to bearer, a written instrument of transfer which is duly executed by the Registered Owner thereof or by his attorney duly authorized in writing, said Bonds or portions thereof shall be paid at the said Redemption Prices. If less than all of a Bond has been selected for redemption, the Authority shall execute and the Registrar shall authenticate a new Bond in an amount which is equal to the unredeemed balance of the principal amount of the Bond so surrendered, upon the presentation and surrender of such Bond (except as to Book-Entry Bonds), to be delivered without charge to the owner thereof. At the option of the owner thereof, to the extent permitted by law, the Authority shall cause the Registrar to issue and to deliver Registered Bonds of like Series, designation, interest rates and maturities in any authorized denomination. If, on such redemption date, moneys for the redemption of all of the Bonds (or portions thereof) which are to be redeemed, together with interest thereon accrued and unpaid to such date, shall be held by or on behalf of the Trustee or the Paying Agent so as to be available therefor on such date and if a notice of redemption thereof shall have been mailed as aforesaid, then from and after such redemption date, interest on the Bonds (or portions thereof) of such Series and maturity which have been called for redemption shall cease to accrue and become payable. All moneys which are held by or on behalf of the Trustee or the Paying Agent for the redemption of particular Bonds or portions thereof shall be held in trust for the account of the Holders of the Bonds or portions thereof to be redeemed.

Section 706. Alternate Redemption Provisions. The Authority may provide for alternate redemption features to be applicable to a particular Series of Bonds by Supplemental Resolution of the Authority, duly adopted prior to the authentication and delivery of such Series of Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be, provided that such features are not inconsistent with and do not impair the rights of Holders of Bonds of such Series or portion of such Series.

ARTICLE VIII

Supplemental Resolutions

Section 801. Supplemental Resolutions Effective Upon Adoption. Any Supplemental Resolution shall be fully effective in accordance with its terms upon its adoption by the Authority to modify or to amend any of the terms or the provisions of this Resolution if no Bonds are Outstanding.

Section 802. Supplemental Resolutions Effective Upon Filing. For any one or more of the following purposes and at any time or from time to time, a resolution of the Authority supplementing this Resolution may be adopted, which resolution, upon the filing with the Trustee of a copy thereof, certified by the Secretary or Assistant Secretary of the Authority, shall be fully effective in accordance with its terms:

(1) To close the Resolution against, or provide limitations and restrictions (in addition to the limitations and restrictions contained in the Resolution) on the issuance in the future of Bonds, or of project notes, bonds, obligations or other evidences of indebtedness;

(2) To add other covenants or agreements to be observed by the Authority to the covenants or agreements of the Authority which are contained in the Resolution; provided however, that such other covenants and agreements are not contrary to or inconsistent with the terms of the Resolution as theretofore in effect;

(3) To add other limitations or restrictions to be observed by the Authority to the limitations or restrictions which are contained in the Resolution; provided however, that such other limitations or restrictions are not contrary to or inconsistent with the terms of the Resolution as theretofore in effect;

(4) To surrender any right, power or privilege which is reserved to or conferred upon the Authority by the terms of the Resolution;

(5) To confirm, as further assurance, any pledge which is created under, and the subjection to any lien or pledge created or to be created by, the terms of the Resolution, the Lease Agreement or the Revenues or of any other moneys, securities or funds;

(6) To specify, determine or authorize any and all matters and things relative to the Bonds or the proceeds which are derived or which are to be derived from the sale thereof which are not contrary to or inconsistent with the terms of the Resolution;

(7) To authorize Additional Bonds, or, in connection therewith, to specify, determine or authorize the matters and things which are mentioned or which are referred to in Article III hereof and any other matters and things relative to such Additional Bonds or to the proceeds derived from the sale thereof which are not contrary to or inconsistent with the terms of

the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the authentication and delivery of such Bonds;

(8) To specify, determine or modify provisions of the Resolution which are required in order to obtain a credit rating for any Bonds;

(9) To make any other change in the Resolution that in the opinion of Bond Counsel to the Authority does not adversely affect the rights of the Holders of any of the Bonds.

Section 803. 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 resolution of the Authority amending or supplementing the Resolution may be adopted which resolution upon the (a) filing with the Trustee of a copy thereof, certified by the Secretary or Assistant Secretary of the Authority, and (b) subject to receipt of the documents required under Section 806 hereof, filing with the Authority of a written instrument of the Trustee consenting to such resolution, 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 the Resolution; and

(2) To insert such provisions clarifying matters or questions arising under the terms of the Resolution as are necessary or desirable and which are not contrary to or inconsistent with the terms of the Resolution as theretofore in effect.

Section 804. Supplemental Resolutions Effective with Consent of Bondholders. (A) At any time or from time to time, a resolution of the Authority amending or supplementing the Resolution may be adopted whether applicable to all Bonds or to any particular Series thereof, modifying any of the provisions of the Resolution or releasing the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions which are contained therein, but no such resolution shall be effective until after the filing with the Trustee of a copy thereof, certified by the Secretary or Assistant Secretary of the Authority, and unless (1) no Bonds which have been authenticated and delivered by the Trustee upon original issuance, or thereafter by the Registrar, prior to the adoption of such resolution remain Outstanding at the time such resolution becomes effective, or (2) such resolution is consented to by or on behalf of Bondholders in accordance with and subject to the provisions of Article IX hereof; provided however, that if the provisions of such resolution are applicable solely to the Holders of a particular Series of Bonds, the provisions of this Section shall apply only to such Series of Bonds.

(B) The provisions of Paragraph (A) of this Section shall not be applicable to resolutions of the Authority which are adopted and which become effective in accordance with the provisions of Section 801, Section 802 or Section 803 hereof.

Section 805. Restriction on Amendments. The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions

of this Article and the provisions of Article IX hereof. The provisions of Paragraph (A) of Section 804 hereof are in all respects subject to the provisions, restrictions, exceptions and limitations which are set forth in Article IX hereof. Nothing contained in this Article or in Article IX hereof shall affect or limit the right or obligation of the Authority to pass, make, do, execute, acknowledge or deliver any resolution, act, deed, conveyance, assignment, transfer or assurance pursuant to the provision of Section 617 hereof or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which the Authority is required to deliver to said Fiduciary.

Section 806. Adoption and Filing of Supplemental Resolutions. Any resolution of the Authority which is referred to and which is permitted or authorized by the terms of Sections 801, 802 or 803 hereof may be adopted by the Authority without the vote or consent of any of the Bondholders, but such resolution shall become effective only on the conditions, to the extent and at the time provided in said Sections. Every such resolution which shall become effective shall thereupon form a part of the Resolution. A copy of every such resolution shall be filed with the Trustee and the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility and shall be accompanied by a Counsel's Opinion to the effect that such resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the provisions of the Resolution and when effective, will be valid and binding upon the Authority and will be enforceable in accordance with its terms.

Section 807. Authorization to Trustee. The Trustee is hereby authorized to accept the delivery of a certified copy of any resolution of the Authority which is referred to and which is permitted or authorized by the terms of Sections 801, 802 and 803 or 804 hereof and the Trustee is authorized to consent to such resolution, if required, and to make all further agreements and stipulations which may be contained therein. The Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Counsel's Opinion) that such resolution is authorized or permitted by the provisions of the Resolution and that such resolution does not contain any provision which is contrary to the terms of the Resolution as theretofore in effect.

Section 808. No Modification of Duties and Obligations of Fiduciary or Issuer of Credit Facility or Liquidity Facility. Notwithstanding the provisions of this Article VIII, no modification or supplement of the Resolution shall change or modify any of the duties or obligations of any Fiduciary or the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility without its prior written consent thereto.

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ARTICLE IX

Amendments

Section 901. Mailing; Application of Article. Any provision which is contained in this Article for the mailing of a notice or other reports or records to Bondholders shall be fully complied with if such notice, reports or records are mailed, by first class mail, postage prepaid, only (a) to each Registered Owner of Bonds which are then Outstanding at the most recent address, if any, appearing upon 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 Registrar, and (b) to the Trustee.

Section 902. Powers of Amendment. (1) The Authority is hereby authorized to make technical amendments to the Resolution without the vote or consent of any of the Bondholders by filing with the Trustee a Certificate of Authority Officer setting forth such change. The amendment shall take effect upon the filing with the Trustee of a copy of the Certificate of Authority Officer.

(2) Any modification or amendment of the provisions of the Resolution or of any resolution amendatory thereof or supplemental thereto and of the rights and obligations of the Authority and of the Holders of the Bonds in any particular, may be made by resolution of the Authority, as hereinafter specified, with the written consent given (as hereinafter provided in Section 903 hereof) of the Holders of at least two-thirds in aggregate principal amount of the Bonds which are then Outstanding, or, if said resolution affects only the Holders of a certain Series of Bonds, the Holders of at least two-thirds in aggregate principal amount of the Bonds of such Series which are Outstanding at the time such consent is given, but no such modification or amendment shall permit a change in the maturity or terms of redemption of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon or any security therefor without the consent of the Holder of such Bond; provided however, notwithstanding anything above to the contrary, in the event that any Bonds of a particular Series are secured by a Credit Facility, Liquidity Facility or Bond Reserve Credit Facility, no resolution amendatory thereof or supplemental to the Resolution shall be adopted which modifies or affects the rights, duties or obligations of the issuer of such Credit Facility, Liquidity Facility or Bond Reserve Credit Facility without its prior written consent thereto. Further, no such modification or amendment shall reduce the percentages or otherwise affect the description of Bonds the consent of the Holders of which is required to effect any such modification or amendment. The Trustee may in its sole discretion determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity, or any particular Holder, would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and on all Holders of Bonds when such determination is delivered in writing to the Authority by the Trustee. Notwithstanding the foregoing, any provision of the Resolution may be amended without the consent of Bondholders if it is determined by Bond Counsel, in accordance with Section 802(9), that such amendment does not adversely affect the interests of such Bondholders.

Section 903. Consent of Bondholders. The Authority may at any time adopt a resolution making a modification or amendment permitted by the provisions of Section 902 hereof, to take effect when and as provided in this Section. Upon the adoption of such resolution, a copy thereof, certified by the Secretary or Assistant Secretary of the Authority, shall be delivered to and shall be held by the Trustee for the inspection of the Bondholders. A copy of such resolution (or summary thereof or reference thereto) together with a request to Bondholders for their consent thereto, where applicable, in a form which is satisfactory to the Trustee and Bond Counsel, shall be mailed by the Authority to each of the Bondholders and to the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility issued for or with respect to the Bonds (but failure to mail such copy and request shall not affect the validity of the resolution when consented to as provided in this Section). Such resolution shall not be effective unless and until there shall have been filed with the Trustee (1) the written consents of the Holders of the percentages of Outstanding Bonds which is specified in Section 902 hereof, or the resolution of the Authority and consent of the Trustee in the case of an amendment that does not require the consent of the Bondholders, (2) the written consent of the issuer of a Credit Facility, Liquidity Facility or Bond Reserve Credit Facility, if required, and (3) a Counsel's Opinion stating that such resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the terms of the Resolution, is authorized or permitted by the Resolution, and will be valid and binding upon the Authority and will be enforceable in accordance with its terms upon its becoming effective as provided in this Section. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates executed by the Trustee and filed in its office stating that it has examined such proof and that such proof is sufficient under the provisions of Section 1203 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 binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and upon the Holders of any Bonds which are issued in exchange therefor (whether or not such subsequent Holder has notice thereof); provided however, that, notwithstanding the provisions of Section 1203 hereof, such consent may be subsequently revoked by the Holder of such Bonds giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter 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. The fact that a consent has not been revoked may likewise be proved by a certificate executed by the Trustee and filed in its office 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 resolution, the Trustee shall make and shall file with the Authority and in its office a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter a notice, stating in substance that the resolution (which may be referred to as a 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, may be given to Bondholders by the Authority by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such resolution from becoming effective and binding as provided in this Section). The Authority shall file with the Trustee proof of the mailing

of such notice. A record, consisting of the papers which are required or which are permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such resolution making such modification or amendment shall be deemed to be conclusively binding upon the Authority, the Trustee and the Holders of all Bonds at the expiration of forty (40) days after filing with the Trustee of the proof of mailing of such last-mentioned notice, except in the event that a final decree of a court of competent jurisdiction setting aside such resolution in a legal action or equitable proceeding for such purpose is obtained within such forty (40) day period, of which decree timely notice shall have been given to the Trustee; provided however, that the Trustee and the Authority during the forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled, in their absolute discretion, to take such action, or to refrain from taking such action, with respect to such resolutions, as they may deem expedient.

Section 904. Modification by Unanimous Action. Notwithstanding anything which is contained in the foregoing provisions of this Article or in Article VIII hereof, the terms and provisions of the Resolution or of any resolution amendatory thereof or supplemental thereto and the rights and obligations of the Authority and of the Holders of the Bonds may be modified or amended in any respect upon the adoption by the Authority and upon the filing with the Trustee of a resolution to that effect and the consent of the Holders of all the Bonds which are then Outstanding, such consent to be 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 in the form permitted by Section 1203 hereof, as and to the extent provided in this Article IX. No notice to Bondholders, either by mailing or by publication shall be required. No such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without its prior written consent thereto.

Section 905. Exclusion of Bonds. Bonds which are owned or which are held by or for the account of the Authority shall not be deemed to be Outstanding and shall be excluded for the purpose of consent or other action or for the purpose of any calculation of Outstanding Bonds which is provided for in this Article. The Authority shall not be entitled to give any consent or take any other action provided for in this Article with respect to such Bonds. At the time of any consent or other action which is taken under the terms of this Article, the Authority shall furnish the Trustee with a Certificate of Authority Officer, upon which the Trustee may rely, describing all of the Bonds to be so excluded.

Section 906. Notation on Bonds. Bonds which have been authenticated and delivered after the effective date of any action which has been taken pursuant to the terms of either Article VIII hereof or this Article may, and if the Authority so determines, shall, bear a notation, by endorsement or otherwise, as to such action, and in such case, upon the demand of the Holder of any Bond which is Outstanding at such effective date and upon presentation of his Bond for such purpose at the principal corporate trust office of the Registrar, suitable notation as to any such action shall be made on such Bond by the Registrar. If the Authority shall so determine, new Bonds which shall bear such notation to conform to such action shall be prepared, authenticated by the Registrar and delivered, and upon demand of the Holder of any Bond which is then

Outstanding such Bond shall be exchanged without cost to such Bondholder, for Bonds then Outstanding, upon the surrender of such Bonds.

Section 907. Contracts or Indentures. The Authority, to the extent permitted by law, may, and if requested by the Trustee shall, enter into a contract or an indenture with the Trustee giving effect to any modification or amendment of the Resolution or any resolution which is amendatory thereof or supplemental thereto as provided in Article VIII or as provided in this Article.

Section 908. No Modification of Duties and Obligations of Fiduciary or Issuer of Credit Facility or Liquidity Facility. Notwithstanding the provisions of this Article IX, no modification or amendment of the Resolution shall change or modify any of the duties or obligations of any Fiduciary or the issuer of any Credit Facility or Liquidity Facility without its prior written consent thereto.

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ARTICLE X

**Default Provisions and Remedies of
Trustee and Bondholders**

Section 1001. Events of Default. The occurrence of any of the following events is hereby defined as and is declared to be and to constitute an "Event of Default," but only as it shall relate to the particular Series of Bonds that is the cause of the Event of Default:

(a) Default by the Authority in the due and punctual payment of any interest on any Bond; or

(b) Default by the Authority in the due and punctual payment of the principal or Redemption Price, if any, or Sinking Fund Installment of any Bond, whether at the stated maturity thereof, or the redemption date set therefor in accordance with the terms of the Resolution; or

(c) Subject to the provisions of Section 1009 hereof, failure by the Authority to observe and to perform any covenant, condition or agreement on the part of the Authority which is provided by the Resolution and the continuance of such failure for a period of thirty (30) days after written notice, or such longer period as shall be provided under Section 1009 hereof, specifying such failure and requesting that it be remedied, shall be given to the Authority by the Trustee; or

(d) The filing of a petition by the Authority seeking a composition of indebtedness under the Federal Bankruptcy Laws or under any other applicable law or statute of the United States of America or of the State of New Jersey; or

(e) Such additional Events of Default as may be set forth in a Supplemental Resolution of the Authority duly adopted in connection with the issuance of any Series of Bonds.

Section 1002. Remedies Upon an Event of Default. Upon the occurrence of an Event of Default, the Trustee may pursue any remedy which is available to it at law or in equity or by statute.

No remedy which is conferred upon or reserved to the Trustee or to the Bondholders by the terms of this Resolution is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

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

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

The Authority may provide for additional remedies as shall be provided by the terms of a duly adopted Supplemental Resolution or duly executed Certificate of Authority Officer.

Section 1003. Rights of Bondholders. If an Event of Default shall have occurred and shall be continuing and if requested to do so by the Holders of not less than a majority in aggregate principal amount of the Bonds which are then Outstanding and if indemnified as provided in the Resolution, the Trustee shall (subject to receipt of indemnification by the Bondholders in form and amount satisfactory to the Trustee) be obligated to exercise such one or more of the rights and the remedies conferred by this Article as the Trustee shall deem to be in the interests of the Bondholders and which are not contrary to law.

Section 1004. Rights of Bondholders to Direct Proceedings. Anything in this Resolution to the contrary notwithstanding, the (a) issuer of any Credit Facility or Liquidity Facility which is the Holder of any Bonds on the date of the occurrence of such Event of Default, and if none, then (b) owners of a majority in aggregate principal amount of the Bonds which are then Outstanding shall have the right, at any time, by a written instrument or instruments which shall be duly executed and delivered to the Trustee, to direct the method and the place of conducting all proceedings to be taken in connection with the enforcement of the terms and the conditions of this Resolution or for the appointment of a receiver or any other proceeding hereunder; provided however, that such direction shall not be otherwise than in accordance with the provisions of law.

Section 1005. Application of Moneys. All moneys which are received by the Trustee pursuant to any right which is given or any action which is taken under the provisions of this Article shall be deposited into the Bond Service Fund (after payment of the costs and the expenses of the proceedings resulting in the collection of such moneys and after payment of the fees, expenses, liabilities and advances which have been incurred or made by the Trustee, including legal fees), and all moneys which are on deposit in the various funds established under the terms of the Resolution (except the Rebate Fund) shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons who are entitled thereto of all installments of interest which are then due on the Bonds in the order of the maturity of the installments of such interest and, if the amount which is available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amount due on such installment, to the persons who are entitled thereto, without any discrimination or privilege; and

Second: To the payment to the persons who are entitled thereto of the unpaid principal of any of the Bonds that shall have become due (other than principal of Bonds with respect to the payment of which moneys are held pursuant to the provisions of the Resolution), in the order of their due dates, with interest on such bonds from the respective dates upon which they became due and, if the amount which is available shall not be sufficient to pay in full the Bonds which are due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons who are entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and the 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 which are due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared to be due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

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

Whenever the principal of, the redemption premium, if any, and the interest on all Bonds have been paid under the provisions of this Section and all fees, expenses, including legal fees, and charge of the Trustee have been paid, any balance which is remaining in the Bond Service Fund shall be paid to the Authority.

Section 1006. Remedies Vested in Trustee. All remedies and rights of action (including the right to file proof of claims) under this Resolution or under any of the Bonds may

be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the owners of the Outstanding Bonds.

Section 1007. Rights and Remedies of Bondholders and Issuer of Credit Facility, Liquidity Facility or Bond Reserve Credit Facility. No owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the provisions of the Resolution, for the execution of any trust thereof or for the appointment of a receiver or to enforce any other remedy hereunder, unless (1) a default has occurred of which an authorized officer of the Trustee has been notified as provided in the Resolution, (2) such default shall have become an Event of Default and the owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds which are then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers which were hereinbefore granted or to institute such action, suit or proceeding in its own name; (3) such Bond Owners have provided the Trustee with the indemnification which is provided in the Resolution; and (4) the Trustee shall thereafter fail or shall refuse to exercise the powers hereinbefore granted or to institute such action, suit or proceedings in its own name. Such notification, request and offer of indemnification are hereby declared in every case (at the option of the Trustee) to be conditions precedent to the execution of the powers and the trusts of the Resolution and to any action or cause of action for the enforcement of the Resolution or for the appointment of a receiver or for any other right or remedy hereunder. No one or more owners of the Bonds shall have any right in any manner whatsoever to affect, to disturb or to prejudice the lien of the Resolution by its, his, her or their action or to enforce any right or remedy hereunder except in the manner herein provided and all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Holders of all Bonds which are then Outstanding. Nothing contained in this Resolution shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, redemption premium, if any, and the interest on any Bond at and after the maturity thereof or the redemption date set therefor, or the obligation of the Authority to pay the principal of, the redemption premium, if any, and the interest on each of the Bonds which are issued hereunder to the respective owners thereof at the time, at the place, from the sources and in the manner expressed in the Bonds.

Section 1008. Termination of Proceedings. If the Trustee shall have proceeded to enforce any right or remedy under the terms of the Resolution by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then in every such case the Authority and the Trustee shall be restored to their former respective positions and rights hereunder and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 1009. Waivers of Defaults. The Trustee may in its discretion waive any Event of Default hereunder, and the consequences specified in Section 1002, and rescind any declaration of maturity of principal and shall do so upon the written request of the owners of: (1)

a majority in aggregate principal amount of all Bonds which are then Outstanding with respect to which an Event of Default in the payment of principal or interest exists; or (2) a majority in aggregate principal amount of all Bonds which are then Outstanding in the case of any other default; provided however, that there shall not be waived (a) any Event of Default with respect to the payment of the principal of any Sinking Fund Installment or Bond at its maturity date or the redemption date prior to maturity, or (b) any Event of Default with respect to the payment of the interest on any Bond, unless prior to such waiver or rescission, all arrears of principal (due otherwise than by declaration) and interest, with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such default shall have occurred on overdue installments of interest and all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such default, including legal fees, shall have been paid or provided for and, in case of any such waiver or rescission or in case any proceedings taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 1010. Opportunity of the Authority to Cure Defaults. No Event of Default which is specified in Section 1001(c) hereof shall constitute an Event of Default hereunder until notice of such Event of Default shall be given by the Trustee or by the owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds which are then Outstanding to the Authority, by registered or certified mail, and the Authority shall have had thirty (30) days after receipt of such notice to correct such Event of Default or cause such Event of Default to be corrected and shall not have corrected such Event of Default or caused such Event of Default to be corrected within the applicable period; provided however, that if such Event of Default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default hereunder if corrective action which is designed to remedy such Event of Default is instituted by the Authority within the applicable period and diligently pursued until such Event of Default is corrected.

Section 1011. Notice of Events of Default. Notwithstanding anything contained herein to the contrary, the Trustee shall provide notice to the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility of the occurrence of any Event of Default which is known to the Trustee within ten (10) days of the Trustee's knowledge thereof.

Section 1012. Events of Default and Remedies Relating to Variable Rate Bonds. Notwithstanding any provision of this Article X to the contrary, in the event that any Series of Bonds are issued as Variable Rate Bonds, the provisions of this Article X may be supplemented by the provisions of a Supplemental Resolution duly adopted by the Authority prior to the authentication and delivery of such Variable Rate Bonds.

Section 1013. Issuer of Credit Facility, Liquidity Facility or Bond Reserve Credit Facility Treated as Holder of Bonds. Notwithstanding the provisions of the Resolution to the

contrary, as long as the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility has not failed to honor its payment obligation under such Credit Facility, Liquidity Facility or Bond Reserve Credit Facility under the terms of any agreement between the Authority and the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility for the term of the Credit Facility, Liquidity Facility or Bond Reserve Credit Facility the issuer of the Credit Facility, Liquidity Facility or Bond Reserve Credit Facility shall be deemed to be the sole Holder of the principal amount of Bonds which are secured under the terms of such Credit Facility, Liquidity Facility or Bond Reserve Credit Facility. As such, any actions which are permitted to be taken by (or required to be taken by) the Holders of any Series of Bonds which are entitled to the benefits of a Credit Facility, Liquidity Facility or Bond Reserve Credit Facility or any actions permitted to be taken by the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility shall instead be taken by the issuer of such Credit Facility, Liquidity Facility or Bond Reserve Credit Facility.

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ARTICLE XI

Trustee, Paying Agent and Registrar

Section 1101. Appointment of Trustee. Such bank, trust company, national banking association or other banking institution doing business and having its principal office in the State of New Jersey or the Borough of Manhattan, State of New York having trust powers and as shall be named in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any of the Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be, shall be and hereby is appointed to serve as Trustee. A certified copy of such Supplemental Resolution or Certificate shall be delivered to such bank, trust company, national banking association or other banking institution. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the terms of the Resolution by executing the certificate of authentication endorsed upon the Bonds upon original issuance and by delivering a written acceptance thereof to the Authority. By executing such certificate of authentication upon any Bond and by delivery of such written certificate, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but also with respect to all the Bonds to be issued thereafter in lieu of or in substitution therefor, but only, however, upon the terms and conditions set forth in the Resolution.

Section 1102. Appointment of Paying Agents, Registrar and Securities Depository.
(a) The Authority shall appoint one or more Paying Agents for the Bonds (other than Book-Entry Bonds). Such Paying Agents shall be appointed pursuant to a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be, and the Authority may at any time or from time to time by Supplemental Resolution or Certificate of Authority Officer, as the case may be, appoint one or more other Paying Agents for such Bonds; provided however, that each Paying Agent shall not be liable for the acts or omissions taken or suffered by such other Paying Agents. Each Paying Agent shall be a bank, trust company, national banking association or other banking institution doing business and having an office in the State of New Jersey or in the Borough of Manhattan, State of New York and having trust powers if there be such a bank, trust company, national banking association or other banking institution willing and able to accept the office on reasonable and customary terms and which is authorized by law to perform all the duties imposed upon it by the terms of the Resolution. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the terms of the Resolution by executing and delivering a written acceptance thereof to the Authority and to the Trustee. The Trustee may be appointed and may serve as a Paying Agent for the Bonds. Provisions relating to the payment of Book-Entry Bonds shall be determined by a Supplemental Resolution of the Authority, duly adopted prior to the authentication and delivery of such Book-Entry Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be.

(b) The Authority shall appoint a Registrar for each Series of Bonds by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Bonds or by a Certificate of Authority Officer, as the case may be. Such Registrar shall be a

bank, trust company, national banking association or other banking institution doing business and having an office in the State of New Jersey or in the Borough of Manhattan, City and State of New York, if there be such a bank, trust company, national banking association or other banking institution willing and able to accept the office on reasonable and customary terms and which is authorized by law to perform all of the duties which are imposed upon it by the terms of the Resolution. The Registrar shall signify its acceptance of the duties and obligations imposed upon it by the terms of the Resolution by executing and delivering a written acceptance thereof to the Authority and to the Trustee. The Trustee or the Paying Agent may be appointed and may serve as a Registrar for the Bonds. Provisions relating to the transfer or registration of Book-Entry Bonds shall be determined by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be.

(c) In connection with the issuance of Book-Entry Bonds, the Authority shall appoint a Securities Depository for the purpose of (1) holding (on behalf of its participants) the Book-Entry Bonds in safekeeping, and (2) performing the duties which are otherwise performed by the Paying Agent for all Bonds and the Registrar for all Registered Bonds. Such Securities Depository shall be appointed pursuant to the terms of a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Book-Entry Bonds upon original issuance or by a Certificate of Authority Officer, as the case may be. Such Securities Depository shall be a bank or corporation having its office in the continental United States which is willing and able to accept the appointment upon reasonable and customary terms and which is authorized by law to perform all of the duties which are imposed upon it by the terms of the Resolution.

Section 1103. Responsibilities of Fiduciaries. The recitals of fact which are contained in the Resolution and in the Bonds shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bond which is issued thereunder or with respect to the security afforded by the terms of the Resolution, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee or the Registrar, as the case may be, shall however, be responsible for the representation which is contained in its certificate of authentication which appears on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds which are derived from the sale thereof except that the Trustee shall be responsible for such application to the extent that such proceeds are paid to the Trustee in accordance with the provisions of Section 315 hereof and in connection with the issuance of Additional Bonds pursuant to the provisions of Section 317 hereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid 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 action or suit with respect to the terms of the Resolution or the Bonds, or to advance any of its own moneys, unless properly indemnified by the Authority or the Bondholders, as the case may be. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

Except as expressly provided herein, the Trustee shall not be required to ascertain or inquire as to the performance of any covenants to be performed or observed by the Authority under the Lease Agreement.

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 the Resolution. In case an Event of Default has occurred (which has not been remedied), the Trustee shall exercise such of the rights and powers which are vested in it by the terms of the Resolution, and shall use the same degree of care and skill in the exercise of such powers as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of the Resolution which relates to actions which have been taken or which are to be taken by the Trustee or which relates to the evidence upon which the Trustee may rely shall be subject to the provisions of this Section 1103.

Notwithstanding any of the foregoing, the Trustee, at least annually and as often as may be reasonably requested by the Authority (but not more frequently than monthly), shall be responsible for delivering a written statement to the Authority which details, among other things (a) the Bonds, if any, which have been purchased or redeemed by it pursuant to the terms of Section 506 hereof, (b) the report of the Registrar stating any new Bonds which have been issued in lieu of or in substitution for Bonds pursuant to the terms of Section 307, Section 308, Section 311, Section 705 or Section 906 hereof, and (c) the balances as of said dates, together with investment income, if any, which has been earned thereon, which are on deposit in each of the funds of the Authority which have been established and created by Section 401 or Section 501 hereof or which have been otherwise created and which are held by the Trustee pursuant to the terms thereof.

Section 1104. Held in Trust. All moneys and securities which are held by any Fiduciary at any time pursuant to the terms of the Resolution shall be and hereby are assigned, transferred and set over unto such Fiduciary in trust for the purpose and under the terms and conditions set forth in the Resolution.

Section 1105. Deposit and Security of Funds. To the extent permitted by law, all moneys (not including securities) which are held by any Fiduciary pursuant to the terms of the Resolution, may, subject to the provisions of this Section, and in accordance with the provisions of the Governmental Unit Deposit Protection Act (N.J.S.A. 17:9-41 et seq.), be deposited by it, in demand or time deposits, in its banking department or with such other banks, trust companies, national banking associations or other banking institutions, each having its principal office in the State of New Jersey, as may be designated by the Authority and approved by the Trustee. No such moneys shall be deposited with any bank, trust company, national banking association or other banking institution other than the Trustee, in an amount exceeding fifty per centum (50%) of the amount which an authorized officer of such bank, trust company, national banking association or other banking institution shall certify to the Trustee and to the Authority as the combined capital and surplus of such bank, trust company, national banking institution or other banking institution or as shall be set forth in the last timely published quarterly statement of such bank, trust company, national banking institution or other banking institution. Each Fiduciary shall allow and shall

credit interest on any such moneys which are held by it at such rate as it customarily allows upon similar funds of similar size under similar conditions or as is required by law. Unless otherwise provided under the terms of the Resolution, interest with respect to moneys or securities which are on deposit in any fund or account shall be credited in each case to the fund or account in which such moneys or securities are held.

Notwithstanding anything in the Resolution to the contrary, all accounts which are held by the Paying Agent or the Tender Agent for any purpose shall be non-interest bearing and all moneys which are so held shall not be invested by the Paying Agent or the Tender Agent pending disbursement of the same.

Section 1106. Evidence Supporting Action. Each Fiduciary and, in the case of Variable Rate Bonds, the Remarketing Agent, the Indexing Agent and the Tender Agent, shall be fully protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, bond or other paper or document which it believes to be genuine and which it believes has 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 with respect to any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action under the Resolution, such fact or matter (unless other evidence with respect thereto is specifically prescribed herein) may be deemed to be conclusively proved and established by a Certificate of Authority Officer stating the same and such certificate shall be full warrant for any action taken or suffered by any Fiduciary upon the faith thereof under the provisions of the Resolution; provided however, that in its discretion, a 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. Except as otherwise expressly provided herein, any request, order, notice or other direction which is required or permitted to be furnished pursuant to any provision hereof by or on behalf of the Authority to any Fiduciary shall be sufficiently executed if executed in the name of the Authority by an Authorized Authority Representative.

Section 1107. Compensation. Unless otherwise provided for by the terms of a contract with the Fiduciary, the Authority shall pay reasonable compensation from time to time to each Fiduciary for all services rendered by it hereunder, and the Authority shall also reimburse any Fiduciary for all of its reasonable expenses, charges, counsel fees and other disbursements and those of its attorneys, agents, and employees which are incurred in and about the performance of its powers and duties hereunder, and each Fiduciary shall have a first lien therefor on any and all funds and other agreement which shall at any time be held by it hereunder; provided however, that moneys which are on deposit in any fund which represents the proceeds from any draw made under any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility issued with respect to the Bonds shall not be subject to such lien. The Authority and/or the Bondholders, as the case may be, shall indemnify and shall save each Fiduciary harmless against any liabilities, losses or costs which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct.

Section 1108. Certain Permitted Acts. Any Fiduciary may become the owner of or may deal in the Bonds as fully and with the same rights as it would have had 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 the Resolution, whether or not such committee shall represent the Holders of a majority in principal amount of the Bonds which are then Outstanding. Notwithstanding any other provision of the Resolution, nothing contained herein shall restrict any Fiduciary from entering into any contract, agreement or other relationship relating to the provision of banking, financial or other services to the Authority, or any agencies thereof including the ability to provide Investment Obligations as long as the Fiduciary otherwise meets the requirements set forth in such definition.

Section 1109. Resignation of Fiduciary. Unless otherwise provided in any Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Series of Bonds, or by the terms of any agreement by and between the Authority and such Fiduciary specifically authorized by a Supplemental Resolution of the Authority, a Fiduciary, or any successor thereof, may at any time resign and shall be discharged of its duties and obligations created by the Resolution by giving not less than sixty (60) days written notice to the Authority and by publishing notice thereof. Such notice shall specify the date when such resignation shall take effect and shall be published at least once in the Authorized Newspapers within twenty (20) days after the giving of such written notice. Upon receipt of any such notice, the Authority shall provide a copy of such notice to the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility. Except as otherwise provided herein, such resignation shall take effect on the day specified in such notice unless a successor shall have been previously appointed by the Authority or by the Bondholders, as herein provided, in which event such resignation shall take effect immediately upon the appointment of such successor. Notwithstanding anything herein to the contrary, such Fiduciary shall be obligated to continue to perform all of the duties and obligations required to be performed by such Fiduciary under the terms of this Resolution, until such time as a successor Fiduciary has been appointed and has accepted such appointment, as provided in the Resolution.

Section 1110. Removal. Unless otherwise provided in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Series of Bonds, or by the terms of any agreement by and between the Authority and such Fiduciary specifically authorized by a Supplemental Resolution of the Authority, a Fiduciary, or any successor thereof, may be removed at any time by the Authority upon appointment of a successor or by the Holders of a majority in principal amount of the Bonds which are then Outstanding, excluding any Bonds which are held by or for the account of the Authority, upon forty-five (45) days written notice, by a written instrument or concurrent written instruments signed and duly acknowledged by the Authority or by such Bondholders or by their attorneys duly authorized in writing and delivered to the Authority. Such removal shall take effect upon the expiration of said forty-five (45) day period; provided however, that such removal shall not be effective until such time as a successor Fiduciary

has been appointed and has accepted such appointment, as provided in this Resolution. Copies of each such instrument shall be delivered by the Authority to each of the other Fiduciaries and to any successor thereof and to the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility.

Section 1111. Appointment of Successor Fiduciary. Unless otherwise provided in a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of any Series of Bonds, or the terms of any agreement by and between the Authority and such Fiduciary specifically authorized by a Supplemental Resolution of the Authority, in case any Fiduciary, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Fiduciary shall be appointed, or if any public officer shall take charge or control of such Fiduciary or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds which are then Outstanding, excluding any Bonds which are held by or for the account of the Authority, by a written instrument or concurrent written instruments signed by such Bondholders, or by their attorneys, duly authorized in writing and delivered to such successor Fiduciary, and thereafter, notification thereof shall be given to the Authority, the predecessor Fiduciary, any other Fiduciaries and to the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility. Pending such appointment, the Authority shall forthwith appoint a successor Fiduciary to fill such vacancy until a successor Fiduciary shall be appointed by the Bondholders as herein authorized. The Authority shall publish notice of any such appointment in an Authorized Newspaper of the Authority within twenty days after such appointment. Any successor Fiduciary appointed by the Authority shall, immediately and without further act, be superseded by a Fiduciary appointed by the Bondholders. If in a proper case no appointment of a successor Fiduciary shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Fiduciary shall have given written notice to the Authority as provided in Section 1109 hereof or after the occurrence of any other event requiring or authorizing such appointment, the Fiduciary or any other fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint such successor. Said court may thereupon, after such notice, if any, as such court may deem proper and may prescribe, appoint such successor Fiduciary. Any successor Fiduciary appointed under the provisions of this Section shall be a bank, trust company, national banking association or other banking institution doing business and having its principal office located in the State of New Jersey or in the Borough of Manhattan, City and State of New York and having the qualifications which are prescribed by this Article, if there be such a bank, trust company, national banking association or other banking institution willing and able to accept the appointment on reasonable and customary terms and which is authorized by law to perform all duties which are imposed upon it by the terms of the Resolution. Notwithstanding any provision contained herein to the contrary, any successor trustee which shall be appointed shall have a capital and surplus of at least \$25,000,000.

Section 1112. Transfer of Rights to Successor Fiduciary. Any successor Fiduciary which is appointed under the provisions of Section 1111 hereof shall execute, acknowledge and deliver to its predecessor Fiduciary, and also to the Authority, a written instrument accepting such appointment, and thereupon such successor Fiduciary, without any further act, deed or

conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if named herein as such Fiduciary. The Fiduciary ceasing to act shall nevertheless, upon payment of such Fiduciary's fees and expenses, and upon the written request of the Authority or of the successor Fiduciary, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required to more fully and certainly vest and confirm in such successor Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any agreement held by it under the terms of the Resolution. The predecessor Fiduciary shall pay over, assign and deliver to the successor Fiduciary any money or other agreement which is subject to the trusts and conditions herein set forth. Should any deed, conveyance or written instrument be required from the Authority by such successor Fiduciary to more fully and certainly vest in and confirm to such successor Fiduciary any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and written instruments shall, upon request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Fiduciary shall promptly notify the other Fiduciaries of its appointment as such Fiduciary.

Section 1113. 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 such Fiduciary may sell or transfer all or substantially all of its corporate trust business (provided that such company shall be a bank, trust company, national banking association or other banking institution which is qualified to be a successor to such Fiduciary under the provisions of Section 1111 hereof, and which shall be authorized by law to perform all the duties imposed upon it by the terms of the Resolution) shall be the successor to such Fiduciary without the execution or filing of any paper, or the performance of any further act, deed or conveyance.

Section 1114. Adoption of Authentication. In case any of the Bonds which are contemplated to be issued under the terms of the Resolution shall have been authenticated but not delivered, any successor Trustee or Registrar, as the case may be, may adopt the certificate of authentication of any predecessor Trustee or Registrar so authenticating such Bonds and may deliver such Bonds so authenticated. In any case where any Bonds shall not have been authenticated, any successor Trustee or Registrar may authenticate such Bonds in the name of the predecessor Trustee or Registrar, as the case may be, or in the name of the successor Trustee or Registrar, and in all such cases such certificate of authentication shall have the full force and effect which is provided in said Bonds or in the Resolution.

ARTICLE XII

Miscellaneous

Section 1201. Defeasance. 1. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds of a particular Series, or any maturity within a Series, 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 the Resolution, then (a) the pledge of any Revenues, and other moneys and securities which are pledged to the Holders of such Series, or maturity within a Series, under the terms of the Resolution, (b) all covenants, agreements and other obligations of the Authority and (c) the lien, benefit and security under the Resolution, shall thereupon cease, terminate and become void and shall be discharged and satisfied. In such event, the Trustee shall cause a statement to be prepared and filed with the Authority for such period or periods as shall be requested by the Authority, and, 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, upon payment of all fees and expenses which are due and owing to the Trustee, and any Paying Agent, the Trustee and any Paying Agent shall pay over or deliver to the Authority all moneys or securities which are held by them pursuant to the terms of the Resolution which are not required for the payment of the principal of, redemption premium, if any, and interest which is due or which is to become due on the Bonds of such Series, or maturity within such Series.

2. All Bonds of any Series, or any maturity within a Series, for the payment or redemption of which moneys shall have been set aside and shall be held in trust shall be deemed to have been paid within the meaning and with the effect expressed in subparagraph (1) of this Section. All Outstanding Bonds of such Series, or of any maturity within such Series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subparagraph (1) of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee (in a form which is satisfactory to the Trustee) irrevocable written instructions to mail notice of redemption of such Bonds on said date, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations (which are not redeemable at the option of the issuer) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, which have been deposited with the Trustee at the same time shall be sufficient to pay when due the principal of, redemption premium, if any, and the interest which is due and which is to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, as shall be verified in a report of an Accountant and/or a certificate duly executed by the Trustee and (c) 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 a form which is satisfactory to the Trustee) a notice to be mailed, first-class mail, postage prepaid to the Holders of such Bonds that the deposit required by clause (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the terms of this Section and such notice shall state such maturity or redemption date upon which moneys are to be available for the payment of the principal of, redemption

premium, if any, and interest on said Bonds. To the extent that the moneys or the principal of and interest on the Defeasance Obligations referred to above are sufficient to provide for the defeasance of all Outstanding Bonds of such Series, or a maturity within such Series, any additional moneys which are generated or which are available may be paid over to the Authority by the Trustee and may be used by the Authority for any lawful purpose, free and clear of any trust, lien or pledge. Any deficiency in the amounts which are on deposit with the Trustee which are necessary to accomplish a defeasance of the Bonds in accordance with the terms of this Section shall be deposited promptly by the Authority with the Trustee for the purposes of accomplishing said defeasance.

3. Notwithstanding anything contained herein to the contrary, no such defeasance shall be effective until all payments which are due and owing to the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility issued for or with respect to the Bonds to be defeased have been paid by, or on behalf of the Authority.

4. Notwithstanding anything herein to the contrary, any obligation of the Authority to make a payment to the United States of America pursuant to the provisions of Section 509 hereof shall survive the defeasance of the lien of the Resolution provided under this Section 1201.

5. Notwithstanding anything contained herein to the contrary, any payments made pursuant to this Section 1201 by the issuer of any Credit Facility, Liquidity Facility or Bond Reserve Credit Facility shall be deemed to be made in satisfaction of the Authority's obligations to the Holders of the Bonds with respect to which and to the extent to which such payments are made. However, such payments by the issuer of such Credit Facility, Liquidity Facility or Bond Reserve Credit Facility shall not be deemed to satisfy the Authority's obligation to make payment to the issuer of such Credit Facility for or in respect of such Bonds.

Section 1202. Unclaimed Funds. Anything in the Resolution to the contrary notwithstanding, any moneys which are held by any Fiduciary in trust for the payment of the principal of, redemption premium, if any, and interest on any of the Bonds which remain unclaimed for six months after the date when such Bonds have become due and payable if such moneys were held by the Fiduciary at such date, or for six months after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds shall become due and payable, such moneys shall be repaid to the Board of Education by such Fiduciary as its absolute property and such moneys shall be free from the trusts created by the terms of the Resolution. The Fiduciary shall thereupon be released and discharged with respect to such moneys and the Bondholders shall look only to the Board of Education for the payment of such Bonds; provided however, that before being required to make any such payment to the Board of Education, the Trustee, shall, at the expense of the Board of Education, cause to be published at least twice, at an interval of not less than seven days between publications, in the Authorized Newspapers, 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 Board of Education.

Section 1203. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent or other instrument which the Resolution may require or may permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of (1) the execution of any such instrument, or of an instrument appointing any such attorney, or (2) the holding by any person of the Bonds shall be sufficient for any purpose of the Resolution (except as otherwise expressly provided herein) if made in the following manner, but the Trustee may nevertheless in its sole discretion require further or other proof in cases where it deems the same to be desirable:

(a) The fact and date of the execution by any Bondholder or by his attorney of such instrument may be proved by the certificate (which need not be acknowledged or verified) of an officer of a bank, trust company, national banking association or other banking institution (which is satisfactory to the Trustee) or of any notary public or other officer which is authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, 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. The Authority or the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary; and

(b) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the registration books of the Authority which shall be kept and maintained on behalf of the Authority by the Registrar. Any request or consent by the owner of any Bonds shall bind all future owners of such Bonds with respect to anything done or suffered to be done.

Section 1204. Execution of Payment Documents. Every requisition, certificate or request of the Authority which is to be delivered to or filed with the Trustee, Paying Agent, Registrar or Tender Agent with respect to Variable Rate Bonds, under the provisions of the Resolution shall be signed by an Authorized Authority Representative.

Section 1205. Preservation and Inspection of Documents. All requisitions, requests, certificates, opinions and other documents which are received by the Trustee under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the Accountant, any Bondholder and their agents and their representatives, any of whom may make copies thereof but any such reports, certificates, statements or other documents may, at the election of the Trustee, be destroyed or otherwise disposed of at any time which is at least six years after such date as the pledge of the Revenues created by the Resolution shall be discharged as provided in Section 1201 hereof.

Section 1206. Regulations Regarding Investment of Funds. (a) Obligations which are purchased as an investment of moneys in any fund which has been established under the terms of the Resolution shall be deemed at all times to be a part of such fund, and, except as may be otherwise expressly provided in other Sections of the Resolution, the interest thereon and any profit arising on the sale thereof shall be credited to such fund, and any loss resulting from the sale thereof shall be charged to such fund.

(b) A valuation of each Fund established and created under the terms of the Resolution, including all Investment Obligations therein, shall be made by the Trustee as set forth below as often as is deemed necessary by any issuer of a Credit Facility, Liquidity Facility or Bond Reserve Credit Facility, but not less often than quarterly nor more often than monthly.

(c) In computing at any date the amount in any such fund for any purpose hereunder, obligations due within one year after such date shall be valued at the lower of the market price thereof or face value or, if not due within one year after such date shall be valued at the lower of cost or market price thereof. Each obligation may be so valued as of any time within four days prior to such date. The Trustee shall sell any obligations (at the best available price) whenever it shall be necessary to do so in order to provide moneys to make any withdrawal or payment from such fund, and the Trustee shall not be liable or responsible for any loss which results from any such investment which is made in accordance with the terms of the Resolution. For the purposes of any such investment, obligations shall be deemed to mature at the earliest date on which the issuer thereof is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 1207. Form of Bonds, Certificate of Authentication. Subject to the provisions of the Resolution, the forms of any Series of the Bonds, the certificate of authentication to be executed by the Trustee or the Registrar, as the case may be and the provisions for registration to be endorsed thereon shall be, respectively, in substantially the following forms, with such omissions, insertions, endorsements and variations as to redemption or other provisions or as to recitals of fact as may be required by the circumstances and as may be required or permitted by the terms of the Resolution or as may be consistent with the terms of the Resolution and which are necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

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(FORM OF REGISTERED BOND)

THE UNION COUNTY IMPROVEMENT AUTHORITY
LEASE REVENUE BONDS, SERIES 2015
(ROSELLE BOARD OF EDUCATION EARLY CHILDHOOD LEARNING CENTER
PROJECT)

\$ _____

No.

INTEREST RATE PER ANNUM	DATED DATE	MATURITY DATE	DATE OF AUTHENTICATION	CUSIP NUMBER
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THE UNION COUNTY IMPROVEMENT AUTHORITY (hereinafter called the "Authority"), a public body corporate and politic organized and existing under and by virtue of the laws of the State of New Jersey, acknowledges itself indebted and for value received hereby promises to pay to _____ or registered assigns, the principal sum of _____ Dollars (\$ _____), 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 bond until the Authority's obligation with respect to the payment of such principal sum shall be discharged, at the **INTEREST RATE PER ANNUM** stated above on _____, 20__, and semiannually thereafter on the _____ days of _____ and _____. This bond, as to principal and redemption premium, if any, when due, will be payable at a corporate trust office of _____. Interest on this Bond will be payable by check and will be mailed to the registered owner hereof who shall appear on the registration books of the Authority which shall be kept and maintained by the Registrar hereinafter mentioned, as determined on the _____ of _____ and _____ (the "Record Date") [or, in the case of any proposed redemption of the Bond, next preceding the date of the first mailing of notice of such redemption]. Payment of the principal of, redemption premium, if any, and interest on this 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.

[INSERT PROVISIONS FOR VARIABLE RATE BONDS]

This bond is one of the duly authorized issue of revenue bonds, each designated as "Lease Revenue Bonds, Series 2015 (Roselle Board of Education Early Childhood Learning Center Project)" (the "Bond" or "Bonds") of the Authority, limited to the aggregate principal amount of \$ _____, and authorized and issued under and pursuant to the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960, of the State of New Jersey, and the acts amendatory thereof and supplemental thereto (hereinafter called the "Act"), and under and in accordance with a resolution of the Authority duly adopted on October 19, 2005 and entitled "Resolution Authorizing the Issuance of Lease Revenue Bonds, Series 2015 (Roselle

Board of Education Early Childhood Learning Center Project) of The Union County Improvement Authority and Determining Other Matters Related Thereto," as amended and supplemented (hereinafter called the "Resolution"). Copies of the Resolution are on file in the office of the Authority in Elizabeth, Union County, New Jersey and at the principal corporate trust office of _____, _____, New Jersey (the "Trustee"), as trustee under the Resolution.

This Bond is a special obligation of the Authority and is payable from the Revenues of the Authority, as such term is defined in the Resolution.

Pursuant to the terms of the Resolution, the Authority may hereafter issue additional Bonds (hereinafter called "Additional Bonds") for the purposes, in the amounts and on the conditions set forth in the Resolution. All Bonds which are issued and which are to be issued under the terms of the Resolution, including all Additional Bonds, are and will be equally secured by the pledge of the Revenues and fund provided in the Resolution except as otherwise expressly provided in or pursuant to the terms of the Resolution.

Reference to the Resolution and any and all resolutions supplemental thereto and any modifications and amendments thereof and to the Act is made for a description of the nature and extent of the security for the Bonds, the funds or Revenues 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 Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and upon which they may be issued thereunder, and a statement of the rights, duties, immunities and obligations of the Authority and of the Trustee.

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 Revenues 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 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

This 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 a corporate trust office of _____, _____, New Jersey (the "Registrar"), as registrar under the Resolution, or its successor as 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 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 Bond or Bonds, of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Bond as provided in the Resolution, upon payment of the charges therein prescribed. The Authority, the Trustee, the Registrar and any Paying Agent of the Authority may treat and consider the person in whose name this Bond is registered as the Holder and absolute owner of this Bond for the purpose of receiving payment of the principal of, redemption premium, if any, and interest due thereon and for all other purposes whatsoever.

[The Bonds maturing on or after _____, are subject to redemption at the option of the Authority prior to maturity, upon the provision of notice as set forth below, as a whole or in part at any time, [in inverse order of maturity and] by lot within any maturity on and after _____, at a price equal to the redemption price, if redeemed in any periods shown in the following table, expressed as a percentage of such principal amount of Bonds to be redeemed, set opposite such period and applicable upon such redemption, together with interest accrued thereon to the redemption date:

<u>Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price]</u>
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[The Bonds which mature on _____ are subject to mandatory redemption prior to maturity, in part, upon the provision of notice as set forth below, by operation of the Sinking Fund which has been established and created under the Resolution, upon the terms and conditions and on the dates and in the amounts which are set forth in the Resolution, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.]

A notice of redemption shall be mailed, not less than twenty-five (25) days prior to the redemption date, to the registered owner hereof, in accordance with the provisions of the Resolution. If notice of redemption shall have been provided as aforesaid, the Bonds which are specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all of the Bonds which are to be redeemed, together with interest accrued thereon to the redemption date, shall be available for such payment on said date, then from and

after the redemption date, interest on such Bonds shall cease to accrue and become payable to the Holders who are entitled to receive payment thereof upon such redemption.

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

THE BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY, THE COUNTY OF UNION, OR OF ANY COUNTY OR POLITICAL SUBDIVISION OF THE STATE (EXCEPT FOR THE BOARD OF EDUCATION TO THE EXTENT OF THE AGREEMENT), OTHER THAN THE AUTHORITY AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OF NEW JERSEY OR OF THE COUNTY OF UNION, OR OF ANY COUNTY OR POLITICAL SUBDIVISION OF THE STATE (EXCEPT FOR THE BOARD OF EDUCATION TO THE EXTENT OF THE AGREEMENT), OTHER THAN THE AUTHORITY, EITHER LEGAL, MORAL OR OTHERWISE.

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 of New Jersey or by the Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the Bonds, together with all other indebtedness of the Authority, are within every debt and other limit prescribed by said Constitution or statutes.

This 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 duly executed by the Trustee upon original issuance and thereafter by the Registrar.

IN WITNESS WHEREOF, THE UNION COUNTY IMPROVEMENT AUTHORITY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Executive Director, and its corporate seal to be affixed, impressed or reproduced hereon, and this Bond and such seal to be attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the **DATED DATE** set forth above.

THE UNION COUNTY
IMPROVEMENT AUTHORITY

ATTEST:

Assistant Secretary

By: _____
Executive Director

[SEAL]

[FORM OF CERTIFICATE OF AUTHENTICATION ON ALL BONDS]

"CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within-mentioned Resolution and is one of the "Lease Revenue Bonds, Series 2015 (Roselle Board of Education Early Childhood Learning Center Project)" of The UNION COUNTY IMPROVEMENT AUTHORITY.

_____,
as Trustee

or

_____,
as Registrar

By: _____
Authorized Signature

By: _____
Authorized Signature"

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[FORM OF ASSIGNMENT
ON BACK OF REGISTERED BOND]

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 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as Attorney, to transfer the within Bond on the registration books of The UNION 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 bond in every particular, without alteration or enlargement or any change whatsoever.

Dated:

SIGNATURE GUARANTEE:

(National Bank, trust company
or commercial bank located in
the City or State of New
York, or the State of New
Jersey, or any member of the
New York Stock Exchange)

Section 1208. Effective Date. This resolution shall take effect immediately.