

**ORDINANCE NO. 24-2091
BOROUGH OF HIGHLAND PARK
COUNTY OF MIDDLESEX, NJ**

LOAN ORDINANCE OF THE BOROUGH OF HIGHLAND PARK, IN THE COUNTY OF MIDDLESEX, STATE OF NEW JERSEY APPROVING AND AUTHORIZING THE ENTERING INTO, EXECUTION AND DELIVERY OF A LOAN AND SECURITY AGREEMENT WITH THE MIDDLESEX COUNTY IMPROVEMENT AUTHORITY FOR THE UNDERTAKING OF VARIOUS 2024 CAPITAL IMPROVEMENTS AND THE ACQUISITION AND INSTALLATION, AS APPLICABLE, OF VARIOUS EQUIPMENT WITH AN ESTIMATED COST OF \$260,000, THE COST OF SUCH IMPROVEMENTS AND EQUIPMENT TO BE FINANCED THROUGH THE ISSUANCE OF COUNTY-GUARANTEED CAPITAL EQUIPMENT AND IMPROVEMENT REVENUE BONDS, SERIES 2024 OF THE MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

WHEREAS, the Middlesex County Improvement Authority (the "Authority") is authorized to issue its bonds pursuant to the provisions of the County Improvement Authorities Law, chapter 183 of the Laws of New Jersey of 1960, as amended and supplemented (N.J.S.A. 40:37A-44 et seq.) (the "County Improvement Authorities Law"), and other applicable provisions of law; and

WHEREAS, the Authority has determined to issue its revenue bonds for the purpose of financing the various capital improvements to be undertaken by and the acquisition, installation and, as applicable, subsequent leasing of certain capital equipment, including but not limited to police and passenger vehicles, to various governmental entities within the County of Middlesex, State of New Jersey (the "County"), including the County and the Authority (the "2024 Program"); and

WHEREAS, the Borough of Highland Park, in the County of Middlesex, State of New Jersey (the "Municipality") has determined to participate in the 2024 Program and to finance various capital improvements and acquire and install certain capital equipment through the Authority; and

WHEREAS, there has been prepared and submitted to the Municipality the form of the Loan and Security Agreement (the "Loan Agreement"), to be entered into by and between the Authority and the Municipality, which Loan Agreement has been approved by the Authority and which is attached hereto as Exhibit A, providing for the financing of various capital improvements and the acquisition and installation of certain capital equipment through the Authority, which improvements and items of equipment are described in Exhibit B attached hereto and incorporated by this reference herein. All terms used herein and not otherwise defined shall have the same meanings ascribed to such terms under the Loan Agreement.

NOW THEREFORE, BE IT ORDAINED AND ENACTED BY THE GOVERNING BODY OF THE BOROUGH OF HIGHLAND PARK, IN THE COUNTY OF MIDDLESEX, STATE OF NEW JERSEY (not less than two-thirds of all members thereof affirmatively concurring), **AS FOLLOWS:**

Section 1. (a) The various capital improvements and the acquisition and installation, as applicable, of certain items of equipment by the Municipality described in Exhibit B attached to this loan ordinance and by this reference made a part hereof are hereby authorized as general capital improvements or purposes to be undertaken by the Municipality. For financing such improvements, purposes or loan, there is hereby appropriated the not to exceed sum of \$275,000.

(b) For the financing of the general capital improvements, purposes or loan and to provide monies to fund the not to exceed \$275,000 appropriation, a loan from the Authority to the Municipality is hereby authorized in a not to exceed amount of \$275,000 pursuant to the County Improvement Authorities Law and the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law").

(c) The general capital improvements hereby authorized and the purposes for which the above-described loan is authorized are the various capital improvements to be undertaken and the acquisition and installation, as applicable, of certain items of equipment by the Municipality described in Exhibit B attached hereto.

(d) The estimated maximum amount of the loan for the various capital improvements and the acquisition and installation, as applicable, of certain items of equipment by the Municipality described in Exhibit B attached hereto is \$275,000.

(e) The estimated cost of said general capital improvements or purposes is \$260,000, with a not to exceed amount of \$275,000, which not to exceed amount includes all costs of issuance and items of expense listed in and permitted under section 20 of the Local Bond Law.

Section 2. Pursuant to the County Improvement Authorities Law and N.J.S.A. 40:23-1 et seq., the Municipality is hereby authorized and directed to enter into and perform the Loan Agreement, which Loan Agreement provides for various capital improvements to be undertaken and the acquisition and installation, as applicable, of certain items of equipment by the Municipality to be financed with the proceeds of County-Guaranteed Capital Equipment and Improvement Revenue Bonds, Series 2024 (the "Bonds") to be issued by the Authority under a resolution to be adopted by the Authority entitled, "Resolution of the Middlesex County Improvement Authority Authorizing the Issuance of County-Guaranteed Capital Equipment and Improvement Revenue Bonds" (the "General Bond Resolution"). The Loan Agreement, in the form submitted herewith in Exhibit A (a copy of which is on file in the office of the Clerk of the Municipality), is hereby approved with such changes, amendments or modifications as may be approved by counsel or bond counsel to the Municipality and bond counsel to the Authority and the County.

Section 3. The full faith and credit of the Municipality are hereby pledged to the punctual payment of the obligations set forth in the Loan Agreement authorized by this ordinance, including without limitation, (i) all Basic Loan Payments and Loan Payments obligations of the Municipality under the Loan Agreement, including Authority Administrative Expenses and Additional Loan Payments, (ii) all amounts due and owing to the County as a result of payments made by the County on behalf of the Municipality under the Loan Agreement pursuant to the County Guaranty, including County Guaranty Costs, and (iii) all direct and indirect costs of the Authority and the County related to the enforcement of the Loan Agreement and the County Guaranty ((i), (ii) and (iii) collectively, the "Loan Payment Obligation"). The Loan Payment Obligation under the Loan Agreement shall be a direct, unlimited and general obligation of the Municipality, not subject to annual appropriation by the Municipality pursuant to the County Improvement Authorities Law, and unless paid from other sources, the Municipality shall be obligated to levy *ad valorem* taxes upon all the taxable property within the Municipality for the payment of the Loan Payment Obligation thereunder without limitation as to rate or amount.

An Authorized Municipal Representative (as defined in the Loan Agreement) is hereby authorized and directed to execute the Loan Agreement on behalf of the Municipality in the form as

attached hereto in Exhibit A, along with any of the aforesaid necessary changes, and the Clerk of the Municipality is hereby authorized to attest to such signature and affix the seal of the Municipality thereto and the Loan Agreement is authorized to be delivered to the Authority. All representatives, officials and employees of the Municipality are hereby authorized and directed to enforce and to implement provisions of the Loan Agreement.

Section 4. The following additional matters are hereby determined, declared, recited and stated:

(a) The maximum Loan Payment Obligation for which the Municipality shall be obligated hereunder, which, *inter alia*, will be used for the payment of principal of and interest on the Bonds of the Authority, shall not exceed the sum necessary to (a) undertake the various capital improvements and the acquisition and installation, as applicable, of certain items of equipment by the Municipality and described in Exhibit B, (b) pay interest on the Authority's Bonds allocated to the Municipality's various capital improvements and items of equipment, and (c) pay the Municipality's share of the costs of issuance, Authority Administrative Expenses, Additional Loan Payments, County Guaranty Costs and all other amounts required to be paid by the Municipality under the Loan Agreement, as and if applicable.

(b) The Bonds shall mature no later than ten (10) years from the date of issue.

(c) The Loan Payment Obligation authorized herein shall remain effective until all the Authority's Bonds shall have been paid in full in accordance with their terms and/or when all obligations of the Municipality under the Loan Agreement have been satisfied, notwithstanding the occurrence of any other event.

(d) The various capital improvements and items of equipment described in Exhibit B attached hereto are hereby approved to be undertaken and financed through the Authority in accordance with the terms of the Loan Agreement, with such changes, amendments or modifications as may be approved by counsel or bond counsel to the Authority.

(e) The average period of usefulness of the various capital improvements and items of equipment described in Exhibit B attached hereto within the limitations of the Local Bond Law, according to the reasonable useful life thereof computed from the dated date of the loan authorized by this loan ordinance, shall not exceed ten (10) years.

(f) The supplemental debt statement required by the Local Bond Law has been duly made and filed in the Office of the Clerk of the Municipality and a complete executed duplicate thereof has been filed in the Office of the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, and such statement shows that the gross debt of the Municipality as defined in the Local Bond Law is increased by the authorization of the loan provided for in this loan ordinance by \$275,000 and the said loan authorized by this loan ordinance will be within all debt limitations prescribed by the Local Bond Law.

(g) An aggregate amount not exceeding \$15,000 for items of expense listed in and permitted under section 20 of the Local Bond Law is included in the estimated cost indicated herein for the various capital improvements and items of equipment described in Exhibit B attached hereto.

Section 5. To the extent the Municipality is an "Obligated Person" (as defined under the Rule (as hereinafter defined)), the Municipality hereby agrees to comply with the requirements of

Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, including the secondary market disclosure requirements contained therein, and agrees to covenant to such compliance in the Loan Agreement. The Mayor, Clerk, Chief Financial Officer or any other Authorized Municipal Representative are each hereby authorized and directed to execute and deliver a Continuing Disclosure Agreement, approve and "deem final" the Preliminary and Final Official Statements of the Authority to the extent the information contained therein relates to the Municipality and to execute and deliver all certificates, documents and agreements to the Authority in connection therewith and to file budgetary, financial and operating data of the Municipality on an annual basis and notices of certain enumerated events as required to comply with and in accordance with the provisions of the Rule.

Section 6. The Mayor, Clerk, Chief Financial Officer of the Municipality or other Authorized Municipal Representative are each hereby authorized and directed to execute and deliver any and all certificates, documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the execution and delivery of the Loan Agreement, the undertaking of the various capital improvements and the acquisition and installation, as applicable, of certain items of equipment by the Municipality and all related transactions contemplated by this ordinance.

Section 7. Upon the payment of all amounts referenced in Section 4(c) herein, the full faith and credit pledge of the Municipality as to its Loan Payment Obligation authorized herein shall cease to exist.

Section 8. The Municipality hereby certifies that it has adopted a capital budget or a temporary capital budget, as applicable. The capital or temporary capital budget of the Municipality is hereby amended to conform with the provisions of this loan ordinance to the extent of any inconsistency herewith. The resolution in the form promulgated by the Local Finance Board showing full detail of the amended capital budget and capital program as approved by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs is on file with the Clerk of the Municipality and is available for public inspection. To the extent that the purposes authorized herein are inconsistent with the adopted capital or temporary capital budget, a revised capital or temporary capital budget has been filed with the Division of Local Government Services.

Section 9. The provisions of this loan ordinance are severable. To the extent any clause, phrase, sentence, paragraph or provision of this loan ordinance shall be declared invalid, illegal or unconstitutional, the remaining provisions shall continue to be in full force and effect.

Section 10. The Municipality reasonably expects to reimburse any expenditures toward the costs of the various capital improvements and items of equipment described in Exhibit B attached to this loan ordinance and paid prior to the entering into of the loan authorized by this loan ordinance with the proceeds of such loan. This Section 10 is intended to be and hereby is a declaration of the Municipality's official intent to reimburse any expenditures toward the costs of the various capital improvements and items of equipment described in Exhibit B attached to this loan ordinance to be incurred and paid prior to entering into of the loan authorized herein all in accordance with the Internal Revenue Code of 1986, as amended (the "Code") and any regulations promulgated thereunder.

Section 11. The Clerk of the Municipality is hereby authorized and directed to cause the publication of the text of this loan ordinance in full after introduction and final adoption in accordance with applicable law and to arrange for the public hearing thereon and final adoption thereof.

Section 12. This ordinance shall take effect twenty (20) days after final adoption and publication in accordance with applicable law, contingent upon the Authority receiving approval for the 2024 Program from the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs.

ADOPTED ON FIRST READING

DATED: July 16, 2024

JENNIFER SANTIAGO,
Clerk of the Borough of Highland Park

ADOPTED ON SECOND READING

DATED: August 13, 2024

JENNIFER SANTIAGO,
Clerk of the Borough of Highland Park

APPROVED BY THE MAYOR THIS 13TH DAY OF AUGUST, 2024.

ELSIE FOSTER,
Mayor

Exhibit A – Loan Agreement

2024 CAPITAL EQUIPMENT AND IMPROVEMENT FINANCING PROGRAM

LOAN AND SECURITY AGREEMENT

BY AND BETWEEN

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

AND

[MUNICIPALITY]

IN THE COUNTY OF MIDDLESEX, STATE OF NEW JERSEY

DATED AS OF OCTOBER [], 2024

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE I DEFINITIONS AND GENERAL PROVISIONS	2
SECTION 1.1. Definitions	2
ARTICLE II TERM OF LOAN; UNDERTAKING OF IMPROVEMENTS AND ACQUISITION OF EQUIPMENT	10
SECTION 2.1. Term of Loan	10
SECTION 2.2. Acquisition of Improvements or Items of Equipment	10
SECTION 2.3. Issuance of Series 2024 Bonds	11
SECTION 2.4. Application of Bond Proceeds.....	12
SECTION 2.5. Municipality's Liability.....	12
SECTION 2.6. Disclaimer of Warranties.....	13
SECTION 2.7. Manufacturers' Warranties.....	13
ARTICLE III LOAN PAYMENTS AND OTHER PAYMENTS.....	14
SECTION 3.1. Payment of Loan Payments	14
SECTION 3.2. Indemnification of Authority and County	15
SECTION 3.3. Nature of Obligations of the Municipality	16
SECTION 3.4. Municipal Loan Payment Obligation	17
SECTION 3.5. Municipal Prepayment in the Event of Optional Redemption	17
SECTION 3.6. Nature of Obligations of the Authority	17
SECTION 3.7. Assignment of Loan Payments by Authority	18
ARTICLE IV LOAN TERM; RENEWAL.....	19
SECTION 4.1. Loan Term for Improvement(s) or Item(s) of Equipment	19
SECTION 4.2. Effect of Noncompliance with Loan Agreement Provisions	19
ARTICLE V COVENANTS OF MUNICIPALITY	20
SECTION 5.1. Maintenance of Improvements or Equipment by Municipality	20
SECTION 5.2. Taxes, Other Governmental Charges and Utility Charges	20
SECTION 5.3. Provisions Regarding Insurance.....	20
SECTION 5.4. Advances	20
SECTION 5.5. Financial Reports	21
SECTION 5.6. Performance Bonds and Other Guaranty	21
SECTION 5.7. Compliance with Laws	21
SECTION 5.8. Covenant Not To Affect the Tax Exempt Status of the Series 2024 Bonds	21
SECTION 5.9. Representations and Warranties of Municipality	22
SECTION 5.10. Municipal Notice: Appropriation for Loan Payments.....	23
SECTION 5.11. Third Party Beneficiaries.....	23
SECTION 5.12. Secondary Market Disclosure.....	23

ARTICLE VI TITLE 25
SECTION 6.1. Title To Improvement and Equipment 25

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES..... 26
SECTION 7.1. Events of Default 26
SECTION 7.2. Remedies..... 27
SECTION 7.3. Reinstatement..... 27
SECTION 7.4. Payments by County 28
SECTION 7.5. No Remedy Exclusive..... 29
SECTION 7.6. No Additional Waiver Implied By One Waiver 29

ARTICLE VIII MISCELLANEOUS 30
SECTION 8.1. Successors and Assigns..... 30
SECTION 8.2. Severability 30
SECTION 8.3. Amendments, Changes and Modifications 30
SECTION 8.4. Amounts Remaining under Bond Resolution..... 30
SECTION 8.5. Counterparts 31
SECTION 8.6. Notices and Demands 31
SECTION 8.7. Headings..... 31
SECTION 8.8. Non-Waiver..... 31
SECTION 8.9. Survival of Loan Agreement 31
SECTION 8.10. Governing Law..... 31

EXHIBITS

Exhibit A	Description of Leased Equipment and Annual Loan Payments (with attached Basic Rent schedules)	A-1
Exhibit B	Certificate as to Authorized Municipal Representative	B-1
Exhibit C	Name/Address/Phone No. of Trustee	C-1

THIS LOAN AND SECURITY AGREEMENT, dated as of October [], 2024 by and between the Middlesex County Improvement Authority (hereinafter, the "Authority") and the [MUNICIPALITY] in the County of Middlesex, State of New Jersey (hereinafter, the "Municipality").

W I T N E S S E T H:

WHEREAS, the Authority is authorized by the County Improvement Authorities Law, chapter 183 of the Laws of New Jersey of 1960, as amended and supplemented (N.J.S.A. 40:37A-44 et seq.) (the "Act"), to provide within the County of Middlesex, State of New Jersey, or any beneficiary county, public facilities for use by the State, the County or any municipality in the County or any beneficiary county, or any two (2) or more or any subdivisions, departments, agencies or instrumentalities of any of the foregoing for any of their respective governmental purposes; and

WHEREAS, the Authority is authorized by the Act to make a loan to any governmental unit or person, for such consideration and for such period or periods of time and upon such other terms and conditions as it may fix and agree upon; and

WHEREAS, the Authority has determined pursuant to the Act to finance, as applicable, the various capital improvements to be undertaken by and the acquisition, installation and, as applicable, subsequent leasing of certain capital equipment, including but not limited to police and passenger vehicles, to various governmental entities within the County, including the County and the Authority (the "2024 Program"); and

WHEREAS, the Improvements (as hereinafter defined) and Equipment (as hereinafter defined) will be financed through the issuance of County-Guaranteed Capital Equipment And Improvement Revenue Bonds, Series 2024 (the "Bonds"); and

WHEREAS, all actions necessary and required under the Act for the issuance of the Bonds have been taken by the Authority; and

WHEREAS, the Municipality has determined to participate in the 2024 Program and to receive a loan from the Authority pursuant to the terms and conditions set forth hereunder; and

WHEREAS, the Authority will, pursuant to the Act, provide for the financing of the cost of, as applicable, the undertaking of the capital improvements and the acquisition of the equipment through the issuance of the Bonds payable from Loan Payments to be received from the Municipality pursuant to the terms and conditions set forth herein;

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

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

SECTION 1.1. Definitions. The terms set forth in this section shall have the meanings ascribed to them for all purposes of this Loan Agreement unless the context clearly indicates some other meaning. Terms used herein and not defined herein shall have the meanings ascribed thereto in the Bond Resolution. Words in the singular shall include the plural and words in the plural shall include the singular where the context so requires.

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

"Acquisition and Improvement Fund" shall mean the Acquisition and Improvement Fund created and established pursuant to Section 502 of the Bond Resolution.

"Act" shall mean the County Improvement Authorities Law, chapter 183 of the Laws of New Jersey of 1960 (N.J.S.A. 40:37A-44 et seq.), as amended and supplemented from time to time.

"Additional Loan Payments" shall mean all amounts payable by the Municipality to the Authority under this Loan Agreement (excluding Basic Loan Payments), including, but not limited to, the annual Trustee's fee and the Authority Administrative Expenses, and where applicable, allocated to the Municipality on a pro rata basis with all other Municipalities which are parties to this transaction in relation to the amount of Bonds Outstanding in any Bond Year all as set forth in Exhibit A annexed hereto, professional fees incurred for any arbitrage rebate calculation, arbitrage rebate expenses, County Guaranty Costs, and all direct and indirect costs and expenses incurred by the Authority and the County related to the enforcement of this Loan Agreement and the County Guaranty and the County Guaranty Agreement, including reasonable attorneys' fees related thereto.

"Annual Authority Administrative Fee" shall mean the annual fee for the general administrative expenses of the Authority for the Series 2024 Bonds as shall be set forth in Exhibit A to this Loan Agreement.

"Applicable Basic Loan Payments" shall mean the amount of Basic Loan Payments payable on a given Loan Payment Date with respect to a particular Improvement or Item of Equipment as set forth in Exhibit A annexed hereto and incorporated by this reference herein.

"Authority" shall mean the Middlesex County Improvement Authority, a public body corporate and politic organized and existing under the Act and created pursuant to a resolution of the Board of County Commissioners of the County of Middlesex adopted on September 6, 1990, and any successor to its duties and functions.

"Authority Administrative Expenses" shall mean any and all expenses of the Authority and its agents, professionals and employees incurred or to be incurred by or on behalf of the Authority in the administration of its responsibilities under the Bond Resolution, the County Guaranty Agreement and this Loan 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 the Series 2024 Bonds, the financing of the Improvements and Equipment or the compelling of the full and punctual performance of the Bond Resolution and this Loan Agreement in accordance with the terms thereof and hereof, (iv) all fees and expenses, including, but not limited to, indemnification expenses, if any, of counsel, Fiduciaries and others, and (v) any fees and expenses, including, but not limited to, indemnification expenses, if any, incurred by the Paying Agent, the Bond Registrar or the Trustee or any or all Fiduciaries in connection with the performance of their respective fiduciary responsibilities under the Bond Resolution, the County Guaranty Agreement and this Loan Agreement, all to the extent not capitalized pursuant to the requirements of the Bond Resolution, which Authority Administrative Expenses shall be paid as Additional Loan Payments by the Municipality and where applicable, allocated to the Municipality on a pro rata basis with all other Municipalities which are parties to this transaction in relation to the amount of Bonds Outstanding in any Bond Year, all as set forth in Exhibit A attached hereto.

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

"Authorized County Representative" shall mean any person or persons authorized to act on behalf of the County by a written certificate signed on behalf of the County by the Director or Deputy Director of the Board of County Commissioners of the County containing the specimen signature of each such person.

"Authorized Municipal Representative" shall mean any person or persons authorized to act on behalf of the Municipality by a written certificate signed on behalf of the Municipality by the Mayor of the Municipality containing the specimen signature of each such person, which Municipality shall also include the County acting in the capacity of a municipal participant, which in the case of the County, such written certificate shall be signed by the Director or Deputy Director of the Board of County Commissioners, which form of certificate is set forth as Exhibit B annexed hereto and incorporated by this reference herein.

"Basic Loan Payments" shall mean the sum of money representing principal and interest for each Improvement or Item of Equipment necessary to amortize Debt Service on the Series 2024 Bonds allocated to the Municipality and payable by the Municipality on each Loan Payment Date, as set forth in Exhibit A annexed hereto and incorporated by this reference herein and as described in Section 3.1(a) herein and redemption premium, if any, to the extent required to redeem the Bonds pursuant to Article IV of the Bond Resolution.

"Bond" or "Bonds" shall mean, collectively, the Outstanding Bonds of the Authority issued pursuant to Section 201 of the Bond Resolution, specifically, the not to exceed \$23,000,000 County-Guaranteed Capital Equipment and Improvement Revenue Bonds, Series 2024 and Refunding Bonds, if any.

Bond Counsel shall mean McManimon, Scotland & Baumann, L.L.C., Roseland, New Jersey or any other lawyer or firm of lawyers with experience and nationally recognized expertise in the field of municipal finance selected by the Authority.

"Bondholder", "Holder of Bonds", "Holder" or "Owner" shall mean any person who shall be the registered owner of any Bond or Bonds.

"Bond Resolution" or "Resolution" shall mean the resolution adopted by the Authority on August 9, 2024, entitled "Resolution of the Middlesex County Improvement Authority Authorizing the Issuance of County-Guaranteed Capital Equipment and Improvement Revenue Bonds", as the same may be amended, modified or supplemented in accordance with the provisions thereof.

"Bond Year" shall mean the twelve (12) month period beginning September 15 and ending on September 14, excepting that the first Bond Year with respect to the Series 2024 Bonds shall commence on the date of original issuance of the Series 2024 Bonds and end on September __, 2025.

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

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

"Cost" or "Costs" shall mean and be deemed to include, with respect to any Improvement or Item of Equipment for each Municipality and, where applicable, allocated on a pro rata basis with all other Municipalities which may be parties to the transaction with respect thereto, together with any other proper and reasonable item of cost not specifically mentioned herein, whether incurred prior to or after the date of this Loan Agreement, (a) the costs of payment of, or reimbursement for, acquisition, installation and financing of each such Improvement or Item of Equipment, including, but not limited to, advances or progress payments, installation costs, administrative costs and capital expenditures relating to installation, financing payments, sales taxes, excise taxes, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recordation costs, printing costs for all documents, reproduction and binding costs, fees and charges of the Trustee pursuant to the Bond Resolution, financing documents, legal fees and charges, financial, accounting and other professional consultant fees, the Initial Authority Financing Fee for a particular Series of Bonds, all professional and consulting fees and charges of the Authority and the County, costs of rating agencies, bond insurance, bond insurers or credit ratings, fees for the printing, execution, transportation and safekeeping of the Bonds, and any charges and fees in connection with any of the foregoing; (b) all other costs which the Municipality or the Authority shall be required to pay under the terms of any contract or contracts for any Improvement or the acquisition of any Item of Equipment, including, but not limited to, the cost of insurance; (c) any sums required to reimburse the Municipality for advances made for any of the above items, or for any other costs incurred and for work done, which is properly chargeable to any Improvement or Item of Equipment; (d) deposits in any Fund or Account under the Bond Resolution, all as shall be provided in the Bond Resolution; and (e) such other expenses not specified herein as may be necessary or incidental to the acquisition of any Improvement or Item of Equipment, the financing thereof and the placing of the same in use and operation. Cost as defined herein shall be deemed to include (i) the costs and expenses incurred by any agent of the Authority or the Municipality for any of the above mentioned items and (ii) all costs and expenses incurred by any agent of the County and the Authority in connection with

the adoption, administration and enforcement of this Loan Agreement and the County Guaranty, including, but not limited to, County Guaranty Costs.

"County" shall mean the County of Middlesex, a public body politic and corporate of the State of New Jersey.

"County Guaranty" shall mean the County's unconditional and irrevocable guaranty of the punctual payment of principal of and interest when due on the Bonds duly adopted pursuant to section 37 of the Act, and specifically with respect to the Series 2024 Bonds, duly adopted [_____], 2024 and entitled, "COUNTY OF MIDDLESEX, STATE OF NEW JERSEY GUARANTY ORDINANCE SECURING THE MIDDLESEX COUNTY IMPROVEMENT AUTHORITY'S COUNTY-GUARANTEED CAPITAL EQUIPMENT AND IMPROVEMENT REVENUE BONDS, SERIES 2024 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$23,000,000 AND AUTHORIZING A PUBLIC HEARING TO BE HELD [_____], 2024 AT 6:40 P.M., AUTHORIZING PUBLICATION OF NOTICE THEREOF, CONSENTING TO SUCH FINANCING AND DETERMINING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH".

"County Guaranty Costs" shall mean all direct and indirect Costs and expenses of the County incurred with respect to its County Guaranty as defined in the County Guaranty Agreement, including amounts paid by the County pursuant to Sections 508 and 708 of the Bond Resolution, together with interest on such amounts at an interest rate equal to the County's cost of obtaining funds required to make such payments (including, but not limited to, lost earnings on the investment of available funds used to make such payments or the net interest cost of such Series of Bonds, whichever is higher, as shall be determined by the County), reasonable attorneys' fees and other costs arising out of the required payment or expenses for the collection, enforcement and repayment pursuant to the County Guaranty, together with interest accrued on such sum until the time of repayment to the County, but shall not include those costs and expenses incurred by the County in connection with curing a default under its Loan Agreement.

"Debt Service" for any period shall mean, as of any date of calculation, with respect to the Series 2024 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 Debt Service Fund, and (ii) that portion of each Principal Installment which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the immediately preceding Principal Installment Date or, if there should be no preceding Principal Installment 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 such Principal Installment Date or from the date of original issuance of the Series 2024 Bonds, whichever is later. Such interest and Principal Installments for such Series 2024 Bonds shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the Principal Installment Date. The calculations in the preceding sentence shall be made on the basis of a 30-day month and 360-day year.

"Debt Service Fund" shall mean the Debt Service Fund created and established in Section 502 of the Bond Resolution.

"Debt Service Requirement" with respect to the next Interest Payment Date for the Series 2024 Bonds shall mean, (i) in the case of an Interest Payment Date on which interest only shall be due, interest accrued and unpaid and to accrue to such date if such Principal Installment or Installments shall be deemed to accrue in the manner provided in clause (ii) of the definition of "Debt Service" set forth in Section 101 of the Bond Resolution, and (ii) in the case of an Interest Payment Date on which both interest and a Principal Installment or Installments shall be due, interest accrued and unpaid and to accrue to such date plus the Principal Installment or Installments due on such date. The calculations in the preceding sentence shall be made on the basis of a 30-day month and 360-day year.

"Equipment" or "Item(s) of Equipment" shall mean the equipment described in Exhibit A annexed hereto and incorporated by this reference herein purchased and acquired with the proceeds of the Series 2024 Bonds, including any equipment substituted or added pursuant to the terms of this Loan Agreement.

"Event of Default" shall mean an event of default as defined in Section 7.1 hereof but not under the Bond Resolution.

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

"Fiduciary" or "Fiduciaries" shall mean the Trustee, the Paying Agent, the Bond Registrar, or any or all of them, as may be appropriate.

"Fiscal Year" shall mean the twelve (12) month fiscal period of the Municipality, the County or the Authority, including any six-month transition year of the Municipality authorized pursuant to chapter 75 of the Laws of New Jersey of 1991.

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

"Guaranty Agreement" or "County Guaranty Agreement" shall mean the County Guaranty Agreement dated as of [____], 2024, entered into by and between the County and the Authority wherein the County has irrevocably and unconditionally guaranteed the punctual payment of the principal of and interest on the Series 2024 Bonds and setting forth the terms and conditions of the County Guaranty with respect to the Series 2024 Bonds, as amended and supplemented.

"Improvement" or "Improvements" shall mean the improvements described in Exhibit A annexed hereto and incorporated by this reference herein undertaken with the proceeds of the Series 2024 Bonds, including any improvements substituted or added pursuant to the terms of this Loan Agreement.

"Initial Authority Financing Fee" shall mean the amount equal to \$____ for the initial financing fee of the Authority, allocated to the Municipality based on the percentage

set forth in Exhibit A to each Loan Agreement, Lease Agreement or a Supplemental Resolution authorizing a Series of Bonds.

"Interest Payment Date" shall mean, with respect to the Series 2024 Bonds, each March 15 and September 15, commencing March 15, 2025, and such other dates as shall be established by a Supplemental Resolution authorizing a Series of Bonds. In the event an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day for interest accrued to the Interest Payment Date.

"Lease Agreement" shall mean, with respect to the Series 2024 Bonds, each or any Lease Agreement dated as of October [], 2024, by and between the Authority and any Municipality, as approved by the County, and any and all modifications, alterations, amendments and supplements thereto made in accordance with the provisions thereof and the Bond Resolution.

"Loan Agreement" shall mean, with respect to the Series 2024 Bonds, this Loan and Security Agreement dated as of October [], 2024, by and between the Authority and the Municipality, as approved by the County, and any and all modifications, alterations, amendments and supplements thereto made in accordance with the provisions hereof and the Bond Resolution.

"Loan Payment" shall mean the Loan Payment consisting of Basic Loan Payments payable on each Loan Payment Date and, as applicable, Additional Loan Payments payable by the Municipality upon demand pursuant to Section 3.1(a) and (b) hereof, respectively.

"Loan Payment Date" shall mean, with respect to the Series 2024 Bonds, each January 15 and July 15, commencing January 15, 2025, which dates shall not be later than the first day of the second month immediately preceding each Interest Payment Date and Principal Installment Date, as applicable, and such other dates determined in accordance herewith as may be set forth in a Supplemental Resolution authorizing a Series of Bonds. In the event a Loan Payment Date is not a Business Day, the Loan Payment shall be made by the Municipality on the next succeeding Business Day.

"Loan Term" shall mean the period during which this Loan Agreement or is in effect as specified in Section 2.1 hereof.

"Month" shall mean a calendar month.

"Municipal Account(s)" shall mean each of the account(s) created in the Acquisition and Improvement Fund, Proceeds Fund and Debt Service Fund for each of the Municipalities in connection with the issuance of the Series 2024 Bonds into which moneys, Proceeds, Series 2024 Bond proceeds and investment earnings, as applicable, allocable to the Municipality, shall be deposited pursuant to Article V of the Bond Resolution.

"Municipality" or "Municipalities" shall mean the Municipality as defined in the preamble hereof and, with respect to the Series 2024 Bonds, shall mean collectively all of the Municipalities, including the County, each of which have executed a Loan Agreement and/or Lease Agreement with the Authority for the purposes of undertaking improvements or

acquiring equipment, as applicable, with the proceeds of the Series 2024 Bonds, all of which are situated in the County.

"Operating Fund" shall mean the Operating Fund created and established under Section 502 of the Bond Resolution.

"Ordinance" shall mean the ordinance duly adopted by the Municipality approving and authorizing the execution and delivery of this Loan Agreement and pledging the full faith and credit of the Municipality for the repayment of its obligations under this Loan Agreement.

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

(i) Bonds canceled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, together with interest to accrue thereon to the date of maturity or redemption date, shall be held in an irrevocable trust under the Bond Resolution and set aside for such payment or redemption (whether at or prior to the maturity date); provided that if such Bonds (or portion of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the Bond Resolution;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III of the Bond Resolution or Section 1206 of the Bond Resolution; and

(iv) Bonds deemed to have been paid as provided in subsection 1 or 2 of Section 1301 of the Bond Resolution.

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

"Principal Installment" shall mean, as of any date of calculation, and with respect to the Series 2024 Bonds, so long as any Series 2024 Bonds are Outstanding, (i) the principal amount of Series 2024 Bonds due on a certain future date for which no Sinking Fund Installments have been established plus any applicable redemption premium thereon, and (ii) any Sinking Fund Installments due on a certain future date for the Series 2024 Bonds, if any, plus the amount of the sinking fund redemption premium, if any, which would be applicable upon redemption of the Series 2024 Bonds on such future date in a principal amount equal to such Sinking Fund Installments.

"Principal Installment Date" shall mean with respect to the Series 2024 Bonds, each September 15, commencing September 15, 2025, on which any Principal Installment shall become due and payable by the Authority. In the event a Principal

Installment Date is not a Business Day, principal shall be paid on the next succeeding Business Day for the Principal Installment payable on the Principal Installment Date.

"Proceeds" shall mean any insurance, condemnation, performance bond, or any other financial guaranty proceeds paid with respect to any Improvement or Item of Equipment, remaining after payment therefrom of all expenses incurred in the collection thereof.

"Proceeds Fund" shall mean the Proceeds Fund created and established under Section 502 of the Bond Resolution.

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

"Loan Payments", "Loan Payment(s)" or "Loan Payment" shall mean the sum of Basic Loan Payments and Additional Loan Payments set forth in Section 3.1 hereof.

"Series 2024 Bonds" shall mean all of the Bonds authenticated and delivered upon original issuance pursuant to Section 203 of the Bond Resolution.

"Standard & Poor's" or "S&P" shall mean S & P Global Ratings, acting through Standard & Poor's Financial Services LLC, organized and existing under the laws of the State of New York, and its successors and/or assigns, if any.

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

"Trustee" shall mean, with respect to the Series 2024 Bonds, TD Bank, National Association, Mount Laurel, New Jersey and its successors or assigns or any other bank, trust company or national banking association appointed trustee pursuant to the Bond Resolution.

ARTICLE II

TERM OF LOAN; UNDERTAKING OF IMPROVEMENTS AND ACQUISITION OF EQUIPMENT

SECTION 2.1. Term of Loan. Subject to the provisions of Section 8.9 hereof, the Loan Term shall commence on the date of issuance and delivery of the Series 2024 Bonds by the Authority and shall terminate on the first date upon which no Series 2024 Bonds remain Outstanding and all Loan Payments due and owing hereunder by the Municipality shall have been paid in full. The Loan Term shall be deemed to commence on the date of issuance and delivery of the Series 2024 Bonds and end on the date specified in Exhibit A annexed hereto.

SECTION 2.2. Acquisition of Improvements or Items of Equipment. (a) The Authority agrees to cause the Municipality to undertake or acquire each of the Improvements or Items of Equipment specified in Exhibit A pursuant to the specifications prepared by the Municipality. The Municipality agrees that it will be responsible for the letting of contracts for the undertaking, purchase and installation of the Improvements or Items of Equipment and supervising the undertaking, installation and acceptance of the Improvements or Items of Equipment. **An Authorized Municipal Representative shall execute and deliver to the Authority prior to the date of the original issuance of the Series 2024 Bonds, a certificate certifying that the Municipality will use its best efforts to cause the undertaking, purchase, installation and requisition of the moneys for the payment of the Improvements and/or Equipment from the Municipal Account in the Acquisition and Improvement Fund in accordance with the following: the Municipality shall spend (i) fifteen (15%) percent of the Loan proceeds within six (6) months after the date of the original issuance of the Bonds; (ii) sixty (60%) percent of the Loan proceeds within twelve (12) months after the date of original issuance of the Bonds; and (iii) one hundred (100%) percent of the Loan proceeds within eighteen (18) months after the date of original issuance of the Bonds so as not to subject the Series 2024 Bonds to arbitrage rebate. The Municipality will also deliver to the Trustee the items required by the terms of this Loan Agreement and the Bond Resolution to enable the Trustee to make the respective payments within said eighteen (18) month period. In the event the Municipality does not spend all such moneys within eighteen (18) months of the date of issuance of the Series 2024 Bonds and in accordance with the time periods and percentages specified in this Section 2.2(a) and such proceeds of the Series 2024 Bonds are deemed to have not been "spent" in accordance with the Code, the Municipality shall pay to the Authority as Additional Loan Payments the cost and expense of the performance of an arbitrage rebate calculation. The Municipality shall also be required to pay any arbitrage rebate moneys to the Authority in the event the Municipality's failure to "spend" Bond proceeds attributable to such Municipality requires the Authority to rebate money to the Internal Revenue Service. This obligation of the Municipality to pay to the Authority the cost and expense of the performance of an arbitrage rebate calculation and arbitrage rebate moneys shall survive the expiration of the Loan Term and the final maturity of the Series 2024 Bonds.**

(b) Contracts in connection with the undertaking, purchase and installation of each Improvement or Item of Equipment shall be let in accordance with all applicable competitive bidding laws, prevailing wage laws and public works contractor registration laws,

as applicable. All such contracts shall have the same general form and content as similar contracts let by the Municipality.

(c) The Loan proceeds shall be forwarded by the Trustee, on behalf of the Authority, to the Municipality on the date of the original issuance of the Series 2024 Bonds.

(d) In the event more than one Municipality fails to comply with the provisions of subsection (a) hereof regarding the eighteen-month rebate exception under the Code and the Series 2024 Bonds are subject to arbitrage rebate, all amounts to be rebated to the Internal Revenue Service by the Authority which are required hereunder to be paid by the Municipalities to the Authority as Additional Loan Payments shall be allocated in accordance with the pro rata basis set forth in Exhibit A hereto between all such Municipalities. This obligation of each Municipality to pay to the Authority arbitrage rebate moneys and the cost and expense of the performance of an arbitrage rebate calculation shall survive the expiration of the Loan Term for all Improvements and Equipment and the final maturity of the Series 2024 Bonds.

(e) Additionally, any amount of the Loan proceeds utilized to pay any prior bonds, notes or other obligations of the municipality shall be utilized ONLY to currently refund the prior bonds, notes or other obligations and the Municipality shall expend such Loan proceeds for such purpose within ninety (90) days after the date of the original issuance of the Bonds. The Municipality shall file any and all tax documents, including the IRS Form 8038-G, with the IRS memorializing the current refunding of such bonds, notes or obligations. The Authority shall have no responsibility or liability with respect to any tax implications or the filing of tax documents associated with the current refunding of the prior bonds, notes or obligations issued by the Municipality and the Municipality shall indemnify and hold the Authority, the County or any other participating Municipality (including their members, officers, agents, professionals, servants or employees) harmless against, and the Municipality shall pay any and all, liability, loss, cost, damage, claim, judgment or expense, of any and all kinds or nature arising out of such tax implications or tax filings.

SECTION 2.3. Issuance of Series 2024 Bonds. (a) To provide funds for payment of the Cost of the Improvements or Equipment, the Authority will use its best efforts to sell, issue and deliver the Series 2024 Bonds. The proceeds of the Series 2024 Bonds shall be applied as provided for in the Bond Resolution.

(b) The Municipality shall cooperate with the Authority in furnishing to the Authority, the County and the Trustee all documents required to effectuate the transaction contemplated herein, including the execution and delivery of certificates, resolutions, opinions and disclosure materials necessary in connection therewith.

(c) In the event moneys in the Municipal Account in the Acquisition and Improvement Fund allocated to each Improvement or Item of Equipment are not sufficient to undertake such Improvement or purchase such Item of Equipment, the Municipality shall so notify the Authority and the Trustee and the Municipality shall be obligated to pay the balance of the Cost of such Improvement or Item of Equipment out of funds of the Municipality legally available therefor. In the event the Municipality undertakes the Improvement or acquires an Item of Equipment with a Cost greater than the moneys allocated to such Improvement or

Item of Equipment as indicated by Exhibit A annexed hereto, the Municipality shall pay the balance of such moneys itself.

SECTION 2.4. Application of Bond Proceeds. (a) Upon original issuance of the Series 2024 Bonds, Bond proceeds shall be applied as follows: to the Trustee (i) an amount equal to the accrued interest on the Series 2024 Bonds, if any, for deposit in each Municipal Account in the Debt Service Fund; (ii) the amount representing costs of issuance on the Series 2024 Bonds, including the Initial Authority Financing Fee, for deposit in the Operating Fund and paid in accordance with Section 505(3) of the Bond Resolution; and (iii) the remaining Series 2024 Bond proceeds shall be allocated to each Municipality and deposited into the respective Municipal Account in the Acquisition and Improvement Fund and paid in accordance with Section 503 of the Bond Resolution.

(b) The Authority has in the Bond Resolution authorized and directed the Trustee to make a payment from the Municipal Account in the Acquisition and Improvement Fund to the Municipality to pay the Cost of the Improvements and Equipment upon the date of the original issuance of the Series 2024 Bonds.

(c) The Authority agrees to cooperate with the Municipality in furnishing to the Trustee any documents required to effect payments out of the Municipal Account in the Acquisition and Improvement Fund in accordance with this Section 2.4 hereof. Such payment obligation of the Authority is subject to any provisions of the Bond Resolution requiring additional documentation with respect to such payments and shall not extend beyond the moneys in the Municipal Account in the Acquisition and Improvement Fund available for payment under the terms of the Bond Resolution.

(d) All interest earned or any gain realized on any moneys or investments in the Municipal Accounts in the Acquisition and Improvement Fund, the Debt Service Fund or the Proceeds Fund shall (i) be transferred by the Trustee to the Operating Fund to pay the amount equal to the Municipality's pro rata share of Authority Administrative Expenses and County Guaranty Costs for each Bond Year, and (ii) following such transfer to the Operating Fund, if moneys remain, be transferred by the Trustee or remain in the Municipal Account in the Proceeds Fund and shall be applied in accordance with the provisions of Section 507(6) of the Bond Resolution.

SECTION 2.5. Municipality's Liability. As between the Authority and the Municipality, the Municipality assumes liability for all risks of loss during the undertaking, acquisition, delivery, installation and use of each Improvement or Item of Equipment. The Municipality shall maintain, or shall demonstrate, to the satisfaction of the Authority, that adequate insurance or self-insurance is provided with respect to each Improvement or Item of Equipment, or require each contractor, manufacturer or supplier of each Improvement or Item of Equipment to maintain, in force during the entire undertaking, construction, acquisition, delivery and installation period of each Improvement or Item of Equipment, property damage insurance in an amount not less than the full value of all work done and materials and equipment provided or delivered by each such manufacturer or supplier, comprehensive liability insurance, worker's compensation insurance and other insurance required by law or customarily maintained with respect to like equipment or improvements. The existence of such insurance coverage shall be evidenced at the time the Improvement or Item of Equipment is undertaken or ordered by the Municipality.

SECTION 2.6. Disclaimer of Warranties. THE AUTHORITY, BY DELIVERY OF THIS LOAN AGREEMENT, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF ANY IMPROVEMENT OR ITEM OF EQUIPMENT, OR WARRANTY WITH RESPECT THERETO. The Municipality represents that the Authority has not participated in the drafting of specifications, the selection of a manufacturer or supplier or the award of the bid for any Improvement or Item of Equipment purchased by the Municipality. In no event shall the Authority be liable for any damages, incidental, indirect, special, consequential or otherwise, in connection with or arising out of this Loan Agreement or the existence, furnishing, maintenance, functioning or the Municipality's use of any Improvement or Item of Equipment or products or services provided for in this Loan Agreement.

SECTION 2.7. Manufacturers' Warranties. The Municipality's sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or supplier of such Improvement or Item of Equipment and not against the Authority, nor shall such matter have any effect whatsoever on the rights of the Authority with respect to this Loan Agreement, including the right to receive full and timely Loan Payments hereunder. The Municipality expressly acknowledges that the Authority does not make, nor has it ever made, any representation or warranty whatsoever as to the existence or availability of such warranties of the manufacturer or supplier of any Improvement or Item of Equipment.

ARTICLE III

LOAN PAYMENTS AND OTHER PAYMENTS

SECTION 3.1. Payment of Loan Payments. By execution hereof, the Municipality agrees to repay to the Authority the Cost of all Improvements or Items of Equipment undertaken or acquired by the Municipality with the proceeds of the Series 2024 Bonds and Additional Loan Payments in connection therewith as follows: (a) The Municipality shall pay to the Trustee at the address shown on Exhibit C annexed hereto and incorporated by this reference herein, or at such other address as the Municipality may from time to time be notified in accordance with Section 8.6 hereof, as Basic Loan Payments for the Improvements or Equipment, on each Loan Payment Date, an amount in accordance with the schedule of Basic Loan Payments described in Exhibit A, which, together with other moneys and interest and investment earnings available therefor, if any, in the Municipal Account in the Debt Service Fund and the Municipal Account in the Proceeds Fund pursuant to the provisions of this Loan Agreement and the Bond Resolution, will equal the Municipality's Basic Loan Payments obligation which is to be applied to the payment of Debt Service due on the Series 2024 Bonds on the next succeeding Interest Payment Date and Principal Installment Date, as applicable. Notwithstanding the above, in the event the Municipality shall fail to make Basic Loan Payments in accordance herewith, the Authority shall have the option of requiring the Municipality to make Basic Loan Payments on a monthly or quarterly basis.

(b) The Municipality shall pay to the Trustee, as the same shall become due and payable at any time during the Loan Term, on any Loan Payment Date or thirty (30) days after written demand by the Trustee, such sums as represent Additional Loan Payments, including Authority Administrative Expenses and County Guaranty Costs as shall have been submitted by the Authority and the County to the Trustee and to an Authorized Municipal Representative as contained in a certificate executed by an Authorized Authority Representative or Authorized County Representative, as applicable.

(c) Attached hereto as Exhibit A is a Basic Loan Payments payment schedule for the Improvements or Items of Equipment to be undertaken or purchased, as applicable, by the Municipality on behalf of the Authority. The Authority shall deliver to the Municipality and the Trustee a certificate from time to time as necessary which reflects credits, if any, to be applied toward the Basic Loan Payments obligation of the Municipality in accordance with the provisions hereof and the Bond Resolution. In accordance with the Bond Resolution, the Municipality shall be notified annually in writing by the Trustee of the amounts arising from investment earnings, if any, but such amounts shall not be applied as a credit against Basic Loan Payment obligations of the Municipality and shall (i) be transferred by the Trustee to the Operating Fund to pay the amount equal to the Municipality's pro rata share of Authority Administrative Expenses and County Guaranty Costs for each Bond Year, and (ii) following such transfer to the Operating Fund, if moneys remain, be transferred by the Trustee or remain in the Municipal Account in the Proceeds Fund and shall be applied in accordance with the provisions of Section 507(6) of the Bond Resolution. In the event a dispute arises between the Authority and the Municipality with respect to the amount of Basic Loan Payments due and owing by the Municipality, or the credits to be applied toward the Municipality's Basic Loan Payment obligation, such dispute shall be resolved by the Authority. The Trustee shall have no obligation with respect thereto, except that the Trustee will cooperate in providing account statements and information with respect thereto.

Notwithstanding any credits which may accrue to the Municipality during the Loan Term, the Municipality is obligated to pay all amounts which constitute Basic Loan Payments and Additional Loan Payments which are due under this Loan Agreement as set forth in Exhibit A hereto.

(d) Any Loan Payments pursuant to this Section 3.1 which are not paid by the Municipality on or before the due date thereof shall, from and after said due date, bear interest (to the extent permitted by law) at the highest rate per annum borne by any of the Series 2024 Bonds until paid, time being of the absolute essence of this obligation. Any moneys owed by the Municipality pursuant to this paragraph shall constitute Additional Loan Payments and shall be paid to the Trustee.

(e) All Basic Loan Payments and Additional Loan Payments by the Municipality shall be made in immediately available funds.

(f) By execution hereof, the Municipality expressly acknowledges the Authority's right to bring an action for immediate injunctive relief or other judicial proceedings to compel compliance and to enforce the Municipality's full and timely payment of Basic Loan Payments hereunder.

SECTION 3.2. Indemnification of Authority and County. Both during the Loan Term and thereafter, the Municipality shall indemnify and hold the Authority and County harmless against, and the Municipality shall pay any and all, liability, loss, cost, damage, claim, judgment or expense, of any and all kinds or nature and however arising, other than as a result of the gross negligence or willful misconduct of the Authority or the County, their members, officers, agents, professionals, servants or employees, which the Authority or County may sustain, be subject to or be caused to incur by reason of any claim, suit or action based upon personal injury, death, or damage to property, whether real, personal or mixed, or upon or arising out of contracts entered into by the Municipality relating to the Improvements or Equipment, or the bidding or award thereof by the Municipality, or arising out of the Authority's financing of the Improvement or Equipment, or arising out of the undertaking, acquisition, installation, use, operation or maintenance of the Improvement or Equipment pursuant to this Loan Agreement, or arising out of or caused by any untrue or misleading statement of a material fact relating to the Municipality in the Official Statement of the Authority for the Bonds (the "Official Statement") or any omission of any material fact relating to the Municipality in the Official Statement. It is mutually agreed by the Municipality and the Authority that none of the Authority, the County or their respective members, officers, agents, professionals, servants or employees shall be liable in any event for any action performed under this Loan Agreement and that the Municipality shall save the Authority and the County harmless from any claim or suit of whatsoever nature arising hereunder except for such claims or suits arising as a result of the Authority's or the County's gross negligence or willful misconduct. This provision shall survive the end of the Loan Term and the final maturity of the Series 2024 Bonds.

The Municipality, at its own cost and expense, shall defend any and all such claims, suits and actions which may be brought or asserted against the Authority or the County, their respective members, officers, agents, professionals, servants or employees relating to the performance of their obligations hereunder; but this provision shall not be deemed to relieve any insurance company which has issued a policy of insurance as may be

provided for in this Loan Agreement from its obligation to defend the Municipality, the Authority, the County and any other insured named in such policy of insurance in connection with claims, suits or actions covered by such policy. The Municipality agrees that it shall give the Authority, the Trustee and the County prompt notice, in writing, of the Municipality's actual or constructive knowledge of the filing of each such claim and the institution of each such suit or action.

The Authority, on behalf of itself and the County, as applicable, agrees that it:

(i) shall give the Authorized Municipal Representative prompt notice in writing upon its actual or constructive knowledge of the filing of each such claim and the institution of each such suit or action;

(ii) shall not adjust, settle or compromise any such claim, suit or action; and

(iii) shall permit the Municipality to assume full control of the adjustment, settlement, compromise or defense of each such claim, suit or action. Notwithstanding the foregoing, the Municipality shall keep the Authority and the County informed as to the progress of any suit, claim or action, and the Municipality shall not reach a final settlement, adjustment or compromise without the Authority's and the County's, as applicable, prior approval, which approval shall not be unreasonably withheld.

Any cost incurred by the Authority for its own attorneys, experts' testimony costs and any and all costs to defend the Authority or any of its directors, officials, members, officers, agents, servants or employees with respect to matters arising hereunder shall be paid to the Trustee for the benefit of the Authority by the Municipality as an Authority Administrative Expense constituting Additional Loan Payments under Section 3.1(b) hereof and shall be paid to the Authority by the Trustee in accordance with the provisions outlined in Section 505(3) of the Bond Resolution.

Any cost incurred by the County for its own attorneys, experts' testimony costs and any and all costs to defend the County or any of its directors, officials, members, officers, agents, servants or employees with respect to matters arising hereunder shall be paid to the Trustee for the benefit of the County by the Municipality as County Guaranty Costs constituting Additional Loan Payments under Section 3.1(b) hereof and shall be paid to the County by the Trustee in accordance with the procedures outlined in Section 505(3) of the Bond Resolution and the provisions outlined in Section 6 of the County Guaranty Agreement.

SECTION 3.3. Nature of Obligations of the Municipality. The Municipality shall be obligated to pay all amounts under this Loan Agreement which constitute Basic Loan Payments, and Additional Loan Payments, including Authority Administrative Expenses and County Guaranty Costs, which amounts shall be sufficient to amortize Debt Service on the Series 2024 Bonds, to pay all costs of administering the program and to fulfill its payment obligations hereunder. **The obligation of the Municipality to pay Loan Payments and to pay all other amounts provided for in this Loan Agreement and to perform its obligations under this Loan Agreement shall be absolute and unconditional, and such Loan Payments and other amounts shall be payable without any rights of set-off,**

recoupment or counterclaim it might have against the Authority, the Trustee, the County or any other person.

The Municipality will not terminate this Loan Agreement or be excused from performing its obligations hereunder or be entitled to any abatement of its obligation to pay Loan Payments or any other amounts hereunder for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, failure of title, or frustration of purpose, or any damage to or destruction of the Improvement or Equipment, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Improvement or Equipment, or the failure of the Authority or the County to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement.

SECTION 3.4. Municipal Loan Payment Obligation. Notwithstanding anything in this Loan Agreement to the contrary, the cost and expense of the performance by the Municipality of its obligations under this Loan Agreement and the incurrence of any liabilities of the Municipality under this Loan Agreement, including, without limitation, the obligation for the payment of all Basic Loan Payments and Additional Loan Payments and all other amounts required to be paid by the Municipality under this Loan Agreement, and the reimbursement of the County for County Guaranty Costs, is a direct and general obligation for which the full faith and credit of the Municipality is hereby pledged, which obligation is not subject to municipal appropriation and, unless the Loan Payments and such other amounts required to be paid by the Municipality under this Loan Agreement are paid from other sources, the Municipality shall be obligated to levy *ad valorem* taxes on all taxable property within the Municipality without limitation as to rate or amount.

SECTION 3.5. Municipal Prepayment in the Event of Optional Redemption. In the event of the exercise of an optional redemption of the Series 2024 Bonds by the Authority, the Municipality shall be obligated to make prepayments in whole or in part of such payments due as aforesaid of Basic Loan Payments, together with interest accrued and to accrue and, as applicable, redemption premium, if any, to be paid on the applicable Series 2024 Bonds. The Trustee shall apply such prepayments in such manner consistent with the Authority's directives and with the provisions of the Bond Resolution.

Any such whole or partial prepayment of Basic Loan Payments by the Municipality shall be applied by the Trustee to the redemption of the Series 2024 Bonds and the Municipality shall be entitled to a credit for the principal amount of Series 2024 Bonds redeemed against the amount or amounts due under the provisions of Section 3.1(a) hereof to the extent such principal amount of Series 2024 Bonds is similarly credited pursuant to the Bond Resolution against Basic Loan Payments required to be made by the Municipality and deposited in the Municipal Account in the Debt Service Fund.

SECTION 3.6. Nature of Obligations of the Authority. The cost and expense of the performance by the Authority of any of its obligations under this Loan Agreement shall be limited to the availability of the proceeds of Series 2024 Bonds of the Authority issued for such purposes or from other funds received by the Authority under this Loan Agreement and available for such purposes.

SECTION 3.7. Assignment of Loan Payments by Authority. It is understood that all of the Authority's rights to receive Loan Payments under this Loan Agreement (except its right to payments pursuant to Section 3.2 hereof) are to be assigned by the Authority to the Trustee pursuant to the Bond Resolution for the benefit of the Bondholders.

The Municipality agrees to pay to the Trustee at its principal institutional trust office all Loan Payments payable by the Municipality to the Authority pursuant to this Loan Agreement (except payments made directly to the Authority pursuant to Section 3.2 hereof). Except as provided in this Section 3.7 and the Bond Resolution, the Authority shall not assign this Loan Agreement or any payments under this Loan Agreement.

ARTICLE IV

LOAN TERM; RENEWAL

SECTION 4.1. Loan Term for Improvement(s) or Item(s) of Equipment.

The Loan Term for all Improvements or Items of Equipment shall terminate when the Series 2024 Bonds are no longer Outstanding and when the Municipality shall have paid to the Authority, County and Trustee all amounts due and owing pursuant to the provisions of this Loan Agreement. Except as set forth above, the Loan Term for all Improvements or Items of Equipment will not terminate for any reason, including all events specified in Sections 7.1 and 7.2 hereof.

Notwithstanding the above, in the event a Municipality fails to comply with the provisions of this Loan Agreement, the Authority, County and Trustee may pursue remedies in accordance with Article VII hereof.

SECTION 4.2. Effect of Noncompliance with Loan Agreement Provisions.

Upon the occurrence of an event referred to in Section 7.1 hereof, the Municipality shall continue to be liable for (1) the payment of Basic Loan Payments and Additional Loan Payments scheduled to become due on any succeeding Loan Payment Date or upon demand, as applicable, (2) the payment of any general, special, incidental, consequential or other damages resulting from such event of default and (3) any other loss suffered by the Authority and the County as a result of the Municipality's failure to take such actions as required.

ARTICLE V

COVENANTS OF MUNICIPALITY

SECTION 5.1. Maintenance of Improvements or Equipment by Municipality. The Municipality agrees that at all times during each Loan Term for each Improvement or Item of Equipment, the Municipality will, at the Municipality's own cost and expense, maintain, preserve and keep such Improvement or Item of Equipment in good repair, working order and condition, and that the Municipality will make or cause to be made all necessary and proper repairs, replacements and renewals thereto. The Authority and the County shall have no responsibility in any of these matters, or for the making of improvements or additions to such Improvement or Item of Equipment.

SECTION 5.2. Taxes, Other Governmental Charges and Utility Charges. In the event the ownership, use, possession or acquisition of any Improvement or Item of Equipment is found to be subject to taxation in any form, the Municipality will pay during the related Loan Term, as the same respectively come due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to any Improvement or Item of Equipment as well as all utility and other charges incurred in the operation, maintenance, use, preservation, occupancy and upkeep of any Improvement or Item of Equipment; provided that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, the Municipality shall be obligated to pay only such installments as have accrued during the time the related Loan Term is in effect.

SECTION 5.3. Provisions Regarding Insurance. At its own expense, the Municipality shall cause casualty, public liability and property damage insurance to be carried and maintained, or shall demonstrate, to the satisfaction of the Authority, that adequate self-insurance is provided with respect to each Improvement or Item of Equipment, sufficient in each case to replace such Improvement or Item of Equipment and to protect the Authority from liability under all circumstances. The Municipality shall provide evidence of such insurance to the Authority and Trustee at any time the same is requested by such Authority or Trustee. The Municipality agrees to maintain and the Authority agrees to accept evidence of blanket insurance coverage which applies to all loan agreements. The Municipality will provide a copy of a blanket insurance policy or policies to the Authority as evidence of such coverage at any time the same is requested by such Authority or Trustee. All insurance policies shall provide that the Authority and the Trustee shall be provided with notice of renewal, cancellation or material changes to such policy thirty (30) days prior thereto. If the Municipality maintains a program of self-insurance for similar properties, the Municipality may insure each Improvement or Item of Equipment in its self-insurance program and shall provide an adequate insurance fund to pay losses.

Any insurance policy maintained pursuant to this Section 5.3 shall be so written or endorsed as to make losses, if any, payable to the Municipality, the Authority, the Trustee and the County as their respective interests may appear.

SECTION 5.4. Advances. In the event the Municipality shall fail to maintain the full insurance coverage required by this Loan Agreement or shall fail to keep any Improvement or Item of Equipment in good repair and operating condition, the Authority may

(but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same; and all amounts so advanced therefor by the Authority shall become immediately due and payable as Additional Loan Payments, which amounts, together with interest at the highest rate permitted by law until paid, the Municipality agrees to pay to the Authority.

SECTION 5.5. Financial Reports. The Municipality covenants to provide annually to the Authority, the County and the Trustee in a reasonable time, but in no event more than thirty (30) days after the same have been received by the Municipality (i) current financial statements and budgets for the ensuing Fiscal Year and (ii) such other financial information relating to the ability of the Municipality to continue to meet its obligations under this Loan Agreement as may be reasonably requested by the Authority and the County.

SECTION 5.6. Performance Bonds and Other Guaranty. In the event an advance, partial or progress payment is to be made with respect to any Improvement or Item of Equipment, the Municipality shall cause the contractor or subcontractor qualified to do business in the State for such Improvement or Item of Equipment to provide a performance bond or bonds, a letter of credit or any other form of financial guaranty covering with respect to such Improvement or Item of Equipment (1) performance of the contract and (2) payment for labor and materials.

Any performance bond or bonds, letter of credit or other form of financial guaranty shall be executed by a responsible surety company qualified to do business in the State and shall in each case be in an amount not less than one hundred percent (100%) of the contract price. Any performance bond, letter of credit or other form of financial guaranty provided pursuant to this Section 5.6 shall be made payable to the Municipality and the Authority as their respective interests may appear. The Proceeds from any performance bond provided pursuant to this Section 5.6 shall be paid over to the Trustee for deposit into the Municipal Account in the Proceeds Fund and applied as a credit toward the Basic Loan Payment obligations of the Municipality hereunder in accordance with the provisions of Section 507(1) and (2) of the Bond Resolution.

SECTION 5.7. Compliance with Laws. The parties to this Loan Agreement agree to comply with all laws of the State applicable to the performance of this Loan Agreement.

SECTION 5.8. Covenant Not To Affect the Tax Exempt Status of the Series 2024 Bonds. (1) The Municipality covenants and agrees that it shall not take any action or omit to take any action which would result in the loss of the exclusion of the interest on any Series 2024 Bonds from gross income for purposes of Federal income taxation as that status is governed by section 103(a) of the Code but only to the extent that the Authority intended at the time of the original issuance of such Series 2024 Bonds that the interest thereon be so excludable from gross income for purposes of Federal income taxation.

(2) Unless the Municipality receives the prior written approval of the Authority, the Municipality shall neither (A) permit any of either (i) the proceeds (such term to have the same meaning as when used in section 141(b) of the Code) of the Series 2024 Bonds paid to the Municipality for the Improvement or Equipment or (ii) the Improvement or Equipment financed (or refinanced) with the proceeds of the Series 2024 Bonds paid to the

Municipality, to be used (directly or indirectly) in any manner that would constitute "private business use" within the meaning of section 141(b)(6) of the Code, nor (B) use (directly or indirectly) any of the proceeds of the Series 2024 Bonds paid to the Municipality, to make or finance loans to persons other than governmental units (as such term is used in section 141(c) of the Code).

(3) Neither the Municipality nor any of its officers or members shall, pursuant to any arrangement, formal or informal, issue bonds in an amount related to the amount or for the purpose of payment of the Municipality's Loan Payments.

(4) The County shall have no obligation under the County Guaranty to pay to the Authority on behalf of the Municipality any moneys that may be due and owing to the Authority by the Municipality by reason of the Municipality's failure to comply with the provisions set forth in this Section 5.8 and Section 2.2 hereof.

SECTION 5.9. Representations and Warranties of Municipality. The Municipality represents and warrants as follows:

(a) It is a public body corporate and politic duly organized and existing under the laws of the State of New Jersey, and is authorized and empowered to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action of its governing body, it has duly authorized the execution and delivery of this Loan Agreement.

(b) The execution and delivery of this Loan Agreement, and the compliance with the provisions hereof, will not conflict with or constitute on the part of the Municipality a violation of, breach of or default under its by-laws or any statute, indenture, mortgage, deed of trust, note agreement or other agreement or instrument to which the Municipality is bound, or, to the knowledge of the Municipality, any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Municipality or any of its activities or properties; and all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated hereby have been obtained.

(c) There is no action, suit, proceeding or investigation at law or in equity pending against the Municipality by or before any court or public agency, or, to the best of the knowledge of the Municipality, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby, or which in any way would adversely affect the validity of this Loan Agreement, or any agreement or instrument to which the Municipality is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby.

(d) No legislation has been enacted which in any way adversely affects the execution and delivery of this Loan Agreement by the Municipality, or the creation, organization or existence of the Municipality or the titles to office of any officers thereof, or the power of the Municipality to carry out its obligations under this Loan Agreement.

(e) Except as otherwise disclosed in the Official Statement pertaining to the offering and sale of the Series 2024 Bonds, the Municipality is not a party to any indenture,

loan or credit agreement or any other agreement, resolution, contract, instrument, pension plan, pension trust, employee benefit or welfare plan, or subject to any restriction which may reasonably be expected to have an adverse effect on its properties, assets, operations or conditions, financial or otherwise, or on its ability to carry out its obligations under this Loan Agreement.

SECTION 5.10. Municipal Notice: Appropriation for Loan Payments. The Municipality shall provide to the Authority, the Chief Financial Officer of the County or its designee and the Trustee on an annual basis as long as the County Guaranty is in effect and any Debt Service payments on the Series 2024 Bonds attributable to the Municipality remain Outstanding, within five (5) Business Days after the adoption of a temporary budget and/or the filing of the annual budget as introduced by the Municipality with the Division of Local Government Services, a certificate of the Chief Financial Officer of the Municipality certifying that the temporary budget and/or the annual budget contains a line item which represents an amount due under this Loan Agreement for all Loan Payments due during the Municipality's Fiscal Year. Such certificate shall have attached a copy of the page of the temporary budget and/or the budget on which the line item appears. The Municipality shall also provide to the Trustee, Authority and the Chief Financial Officer of the County or its designee, within five (5) Business Days thereof, notice of any revisions to such line item or the transfer of any moneys out of such line item. In the event such certificate described in the first sentence of this Section 5.10 is not received by the Trustee within sixty (60) days following the beginning of the Municipality's Fiscal Year or the Trustee otherwise has actual knowledge that the Municipality has revised its budget or transferred money out of a line item, the Trustee shall notify the Authority and the Chief Financial Officer of the County or its designee of such event(s) and the Authority and the County may take immediate action to cause all Loan Payments to be timely paid by the Municipality. For the purposes of this provision, the Trustee shall be deemed to have actual knowledge only if an officer of the institutional trust department of the Trustee has actual knowledge thereof.

By execution hereof, the Municipality expressly acknowledges the County's right to bring an action for immediate *ex parte* injunctive relief or other judicial proceeding to compel the Municipality to provide an appropriation for Loan Payments due under this Loan Agreement.

The Municipality shall also notify the Trustee, the Authority and the County of any change in the Fiscal Year of the Municipality within ten (10) Business Days of the adoption of the authorization therefor by the governing body of the Municipality.

SECTION 5.11. Third Party Beneficiaries. The Municipality and Authority by the execution hereof acknowledge that the covenants, representations and warranties set forth herein are for the benefit of the Trustee and the County.

SECTION 5.12. Secondary Market Disclosure. If, as determined by the Authority in its sole discretion, the Municipality is an Obligated Person as such term is defined in Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"), the Municipality covenants and agrees that as an Obligated Person pursuant to the Rule that it will execute, deliver, comply with and carry out the provisions of a Continuing Disclosure Agreement with the Authority (the "Continuing Disclosure Agreement"), which will set forth the obligation of the Municipality to file budgetary,

financial and operating data on an annual basis and notices of certain enumerated events as required to comply with and in accordance with the provisions of the Rule. Notwithstanding any other provision of this Loan Agreement, the failure of the Municipality to comply with the provisions of the Continuing Disclosure Agreement shall not constitute an event of default pursuant to Article VII hereof and the Beneficial Owner of the Bonds (as defined in the Continuing Disclosure Agreement) may take such actions as set forth in the Continuing Disclosure Agreement as may be necessary and appropriate to cause the Municipality to comply with its obligations set forth under this Section 5.12 and in the Continuing Disclosure Agreement.

ARTICLE VI

TITLE

SECTION 6.1. Title To Improvement and Equipment. During the Loan Term and thereafter, title to the Improvement and Equipment and any and all additions, repairs, replacements or modifications thereto shall be in the name of the Municipality.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.1. Events of Default. An "event of default" or a "default" shall mean, whenever used in this Loan Agreement, any one or more of the following events:

(a) Failure by the Municipality to pay or cause to be paid when due the payments to be paid under Section 3.1(a) hereof;

(b) Failure by the Municipality to pay when due any payment to be made under this Loan Agreement (other than payments under Section 3.1(a) hereof) which failure shall continue for a period of thirty (30) days after written notice thereof, specifying such failure and requesting that it be remedied, is given to the Municipality by the Authority, the County or the Trustee;

(c) Failure by the Municipality to observe and perform any covenant, condition or agreement on its part to be observed or performed (other than as referred to in subsections (a) and (b) of this Section 7.1), which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Municipality by the Authority or the Trustee, unless the notifying party shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the notifying party will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Municipality within the applicable period and diligently pursued until the default is remedied; provided that, the failure of the Municipality to comply with the provisions of Section 5.12 hereof or the Continuing Disclosure Agreement shall not constitute an event of default hereunder; or

(d) The filing of a petition by the Municipality under any Federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted; or the Municipality shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Municipality or any of its property or assets shall be appointed by court order or take possession of the Municipality or its property or assets if such order remains in effect or if such possession continues for more than thirty (30) days.

The foregoing provisions of subsection (c) of this Section 7.1 are subject to the following limitations: if by reason of acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any department, agency, political subdivision (not including the County or the Municipality) or official of either of them, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes, blizzards, or other storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery; partial or entire failure of utilities; or any cause or event not reasonably within the control of

the Municipality, the Municipality is unable, in whole or in part, to carry out its agreements herein contained, the Municipality shall not be deemed to be in default during the continuance of such inability. The Municipality agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other disturbances by acceding to the demands of opposing party or parties when such course is in the judgment of the Municipality unfavorable to the Municipality.

Notwithstanding the above, an Event of Default under this Article VII shall not be construed as an Event of Default under the Bond Resolution.

SECTION 7.2. Remedies. Whenever any Event of Default referred to in Section 7.1 hereof shall have happened and be continuing, any one or more of the following remedial steps may be taken; provided that, where applicable, written notice of the default has been given to the Municipality by the Authority or by the Trustee and the default has not been cured:

(a) the Authority may accelerate the Loan Payments owed by the Municipality, holding the Municipality liable for all Loan Payments and other amounts due to the Authority under the terms of this Loan Agreement, including, but not limited to, County Guaranty Costs to the extent the County remains unreimbursed therefor; and

(b) the Authority and the County may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce the performance and observance of any obligation, agreement or covenant of the Municipality under this Loan Agreement.

Any amounts collected pursuant to actions taken under subsections (a) and (b) of this Section 7.2 shall be applied in accordance with the provisions of the Bond Resolution. If the Bond Resolution has been discharged and the County fully reimbursed for County Guaranty Costs and all costs of the Authority, if any, shall have been paid, any remaining amounts collected pursuant to actions taken under subsection (b) of this Section 7.2 shall be paid to the Municipality by the Trustee.

SECTION 7.3. Reinstatement. Notwithstanding the provisions of Sections 4.1, 4.2 and 7.2 hereof, if, after the acceleration of the Loan Payments upon occurrence of an event of default, all arrears of interest on such overdue Loan Payments and the Loan Payments which have become due and payable otherwise than by acceleration, and all other sums payable under this Loan Agreement, except Loan Payments due and payable as a result of acceleration, shall have been paid by or for the account of the Municipality or provision satisfactory to the Trustee shall have been made, all other things shall have been performed in respect of which there was a default or provision deemed by the Trustee to be adequate shall be made therefor and there shall have been paid the reasonable fees and expenses, including Additional Loan Payments, Authority Administrative Expenses (including reasonable attorneys' fees paid or incurred) and County Guaranty Costs, where applicable,

and such acceleration under this Loan Agreement is rescinded, the Trustee shall waive the Municipality's default without further action by the Authority and the Authority and the Trustee shall be restored to their former positions and rights under the Bond Resolution and this Loan Agreement. Upon such payment and waiver, this Loan Agreement shall be fully reinstated as if it had never been accelerated. No such restoration of the Authority and the Trustee shall extend to or affect any subsequent default under the Bond Resolution or impair any right consequent or incidental thereto.

SECTION 7.4. Payments by County. (a) If an event of default referred to in Section 7.1 (a) hereof shall have happened and be continuing and there remains outstanding Basic Loan Payments which have not been paid to the Trustee pursuant to the terms of this Loan Agreement (which determination shall be made by the Trustee as at the close of business on any Loan Payment Date), the Trustee, on behalf of the Authority, shall notify the nonpaying Municipality, the Authority and the Chief Financial Officer of the County or its designee, in writing not later than 3:00 p.m. of the second Business Day after such Loan Payment Date, of the failure of the Municipality to pay its Basic Loan Payments on the Loan Payment Date, which notice shall state the amount of any such deficiency as at the close of business on the Loan Payment Date, the identity of the defaulting Municipality, the date by which the deficiency must be cured by the Municipality (which date shall not be later than thirty (30) days before the next ensuing Interest Payment Date and Principal Installment Date, as applicable). If the nonpayment of the Municipality is not cured thirty (30) days prior to the applicable Interest Payment Date and Principal Installment Date in accordance with the provisions of such notice, the Trustee shall so notify the County in writing and the County shall pay to the Trustee not later than two (2) Business Days prior to such Interest Payment Date and Principal Installment Date, as applicable, any and all amounts in immediately available funds required to pay Debt Service on the Series 2024 Bonds allocable to such Municipality for such Interest Payment Date and Principal Installment Date, as applicable. Notwithstanding the above, the Authority and the Trustee shall undertake all diligent efforts to pursue the Municipality and cause it to pay all amounts due and owing to the Authority and the County, as applicable, under this Loan Agreement prior or subsequent to an Interest Payment Date and Principal Installment Date.

(b) The County shall take all actions necessary and permitted by law, which actions may include *ex parte* actions, to make payment of an amount equal to the deficiency owed by any nonpaying Municipality, which amount, when added to available amounts on deposit in such nonpaying Municipality's Municipal Account in the Debt Service Fund, shall be sufficient to pay the principal of and interest on the Bonds due on the next ensuing Interest Payment Date and Principal Installment Date, as applicable.

(c) Any amounts so paid by the County to the Trustee to cure any deficiency in the Debt Service Fund with respect to any nonpaying Municipality pursuant to the County Guaranty shall be reimbursed by the Municipality pursuant to the provisions of the Ordinance authorizing the execution of this Loan Agreement and Section 3.4 hereof, including County Guaranty Costs.

(d) The Trustee shall promptly notify the Authority and the County of any delinquent Basic Loan Payments received by the Trustee from the Municipality at any time after a Loan Payment Date, but prior to an Interest Payment Date and Principal

Installment Date, as applicable, which notice shall be received by the Authority and the County not later than two (2) Business Days after receipt of any such payments.

(e) Notwithstanding the provisions of subsection (a) above, in the event the Municipality forwards a Basic Loan Payment to the Trustee subsequent to an Interest Payment Date and Principal Installment Date, as applicable, but before the next succeeding Interest Payment Date and Principal Installment Date, as applicable, and to the extent the County has made a payment with respect thereto and has incurred County Guaranty Costs, then pursuant to Sections 508, 708 and 709 of the Bond Resolution, the County shall be entitled to receive such late Basic Loan Payments payment immediately upon deposit of such moneys in the Municipal Account in the Debt Service Fund and the Trustee shall pay such late Basic Loan Payment to the County free and clear of the lien and pledge of the Bond Resolution; provided, however, the County shall have the option of determining whether such late Basic Loan Payment shall be applied to the payment of Basic Loan Payments of the Municipality on the next succeeding Interest Payment Date and Principal Installment Date, as applicable. An Authorized County Representative shall direct the Trustee in writing as to the application of such late Loan Payment.

(f) If the Authority has received moneys from whatever source for a Loan Payment pursuant to Section 7.2 hereof and (i) the County has incurred County Guaranty Costs pursuant to subsection 7.4(a) hereof, which payments have not been reimbursed by the Municipality, and (ii) there are moneys remaining and available in any Fund or Account under the Bond Resolution when all Loan Terms expire and the Series 2024 Bonds are no longer Outstanding, then, pursuant to Section 511 of the Bond Resolution, the Trustee shall pay over to the County all amounts due and owing to the County for County Guaranty Costs to the extent moneys are legally available therefor under the Bond Resolution.

SECTION 7.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority, the County or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement 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 any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority, the County or the Trustee to exercise any remedy reserved to it in this Article VII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 7.6. No Additional Waiver Implied By One Waiver. In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1. Successors and Assigns. This Loan Agreement shall inure to the benefit of the Municipality, the Authority, the County, the Trustee and their respective successors and assigns and shall be binding upon the Municipality and the Authority and their respective successors and assigns.

SECTION 8.2. Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 8.3. Amendments, Changes and Modifications. Except as otherwise provided in this Loan Agreement or in the Bond Resolution, subsequent to the issuance of the Series 2024 Bonds and prior to payment or provision for the payment of all Series 2024 Bonds in full and any other obligations incurred by the Authority to pay the Cost of Improvements or Equipment, including interest, premiums and other charges, if any, thereon, and payment or provision for the payment of Authority Administrative Expenses and County Guaranty Costs, this Loan Agreement may not be amended, changed, modified, altered or terminated so as adversely to affect the interests of the holders of the Series 2024 Bonds without the prior written consent of the County and the holders of at least fifty-one percent (51%) in aggregate principal amount of the Series 2024 Bonds then Outstanding; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of the Outstanding Series 2024 Bonds, the consent of the holders of which is required for any such amendment, change, modification, alteration or termination or decrease the amount of any payment required to be made under this Loan Agreement or extend the time of payment thereof. This Loan Agreement may be amended, changed, modified and altered without the consent of the holders of Series 2024 Bonds (but with the prior written consent of the County) to provide necessary changes only to cure any ambiguity, correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein or to provide other changes which will not adversely affect the interests of such holders. No other amendment, change, modification, alteration or termination of this Loan Agreement shall be made other than pursuant to a written instrument signed by an Authorized Authority Representative and the Municipality and consented to in writing by the County and in accordance with the Bond Resolution and this Loan Agreement. Copies of any amendments to this Loan Agreement shall be filed with the County and the Trustee.

For all purposes of this Section 8.3, the Trustee shall be entitled to rely upon a Favorable Opinion of Bond Counsel, which Bond Counsel shall be satisfactory to the Trustee, with respect to the extent, if any, as to which any action adversely affects the interests of the County or any holders of Series 2024 Bonds then Outstanding.

SECTION 8.4. Amounts Remaining under Bond Resolution. Upon expiration of the Loan Term, it is agreed by the parties hereto that any amounts remaining in any Fund or Account created under the Bond Resolution, after payment in full of the Series 2024 Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Resolution) and the fees, charges and expenses of the Fiduciaries,

the County and the Authority in accordance with the Bond Resolution and this Loan Agreement, shall belong to and be paid to the Municipality pursuant to Section 511 of the Bond Resolution. Notwithstanding the above, if the Series 2024 Bonds shall have been defeased in accordance with Section 1301 of the Bond Resolution, any moneys held by a Fiduciary in trust for the payment and discharge of any Bonds that remain unclaimed for five (5) years (or such other time period as may be set forth at N.J.S.A. 46:30B-37) shall be repaid by the Fiduciary to the State Treasurer in accordance with the provisions of N.J.S.A. 46:30B-1 et seq., free and clear of the lien created by the Bond Resolution.

SECTION 8.5. Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 8.6. Notices and Demands. All notices, demands or other communications provided for in this Loan Agreement shall be in writing and shall be delivered personally, by facsimile transmission (with written confirmation of receipt) in accordance herewith and sent by certified or registered mail, personal delivery or recognized overnight delivery to (i) the Municipality at _____, New Jersey _____, Attn: _____, (ii) the Authority at 101 Interchange Plaza, Cranbury, New Jersey 08512, Attn: Chairman, (iii) Bond Counsel to the Authority, McManimon, Scotland & Baumann, LLC, 75 Livingston Avenue, Roseland, New Jersey 07068, Attention: Matthew D. Jessup, Esq., (iv) the Trustee at 12000 Horizon Way, 3rd Floor, Mount Laurel, New Jersey 08054, Attn: Institutional Trust Department/Tifanie Kline, (v) the County at the Middlesex County Administration Building, John F. Kennedy Square, 75 Bayard Street, New Brunswick, New Jersey 08901, Attn: Clerk of Board of County Commissioners and the Chief Financial Officer of the County and (vi) Office of County Counsel, Middlesex County Administration Building, John F. Kennedy Square, 75 Bayard Street, New Brunswick, New Jersey 08901, Attn: Thomas F. Kelso, Esq., or to such other representatives or addresses as the Authority, the Municipality, the Trustee or the County may from time to time designate by written notice to the parties hereto or beneficiaries hereof.

SECTION 8.7. Headings. The Article and Section headings in this Loan Agreement are inserted for convenience of reference only and are not intended to define or limit the scope of any provision of this Loan Agreement.

SECTION 8.8. Non-Waiver. It is understood and agreed that nothing contained in this Loan Agreement shall be construed as a waiver on the part of the parties, or any of them, of any right not explicitly waived in this Loan Agreement.

SECTION 8.9. Survival of Loan Agreement. Notwithstanding anything else to the contrary herein, the provisions of Sections 2.2(a) and (d), 3.2 and 6.1 shall survive the expiration of the Loan Term and the final maturity of the Series 2024 Bonds.

SECTION 8.10. Governing Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

IN WITNESS WHEREOF, the Authority has caused this instrument to be signed by its Chairman as its duly authorized officer and its official seal to be hereunto affixed and the Municipality has caused this instrument to be executed in its name by its Mayor and its official seal to be hereunto affixed, all as of the day and year first above written.

**Witness as to the Middlesex
County Improvement Authority**

**MIDDLESEX COUNTY IMPROVEMENT
AUTHORITY**

CHRISTINE D'AGOSTINO
Secretary/Treasurer

JAMES P. NOLAN,
Chairman

(SEAL)

Witness as to the Municipality

[MUNICIPALITY]

(SEAL)

**APPROVED AND ACCEPTED:
COUNTY OF MIDDLESEX**

RONALD G. RIOS,
Director
Board of County Commissioners

EXHIBIT A

2024 CAPITAL EQUIPMENT AND IMPROVEMENT FINANCING PROGRAM

**DESCRIPTION OF VARIOUS CAPITAL IMPROVEMENTS AND EQUIPMENT AND
ANNUAL LOAN PAYMENTS**

SEE ATTACHED SCHEDULE A

EXHIBIT B

CERTIFICATE AS TO AUTHORIZED
MUNICIPAL REPRESENTATIVE

I, _____, the duly elected/appointed and acting _____ of the _____ of _____, in the County of Middlesex (the "Municipality"), a municipal corporation of the State of New Jersey, DO HEREBY CERTIFY that I am duly authorized under the Loan Agreement (as hereinafter defined) to execute and deliver this certificate on behalf of the Municipality. I DO HEREBY FURTHER CERTIFY as follows:

1. _____ is the _____ of the Municipality.

2. _____ is the _____ of the Municipality.

3. The following individual(s) have each been designated as Authorized Municipal Representatives in accordance with the provisions of the Loan Agreement and each are duly qualified, empowered and authorized so to act on behalf of the Municipality and to deliver documents on behalf of the Municipality.

Name

Signature

Capitalized terms used herein and not otherwise defined shall have the same meanings ascribed thereto in a Loan and Security Agreement dated as of _____, 2024 by and between the Middlesex County Improvement Authority and the Municipality and approved by the County of Middlesex (the "Loan Agreement").

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2024.

_____ OF _____

Name:

Title:

EXHIBIT C

The name/address/phone number of the Trustee is:

TD Bank, National Association
12000 Horizon Way, 3rd Floor
Mount Laurel, New Jersey 08054
Attention: Institutional Trust Department/Tifanie Kline

Phone number (856) 685-5140
Fax number (856) 685-5267
Email: tifanie.kline@td.com

Fed-Wire Instructions:

TD Bank, National Association
ABA Number 011600033
TD Wealth Management
A/C 60157930
Reference: MCIA 2024 – County of Middlesex
Attention: Tifanie D. Kline

Exhibit B – Loan Ordinance

<u>Quantity</u>	<u>Equipment</u>	<u>Amount</u>	<u>Useful Life</u>
1	Freightliner Multi-Body Dump Truck	\$260,000	10 years
	Total	\$260,000	