

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: See “RATING” herein

In the opinion of Archer & Greiner P.C., Bond Counsel, assuming continuing compliance by the Authority (as defined herein) and the Corporation (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

\$13,865,000*

**PASSAIC COUNTY IMPROVEMENT AUTHORITY
(County of Passaic, New Jersey)**

COUNTY GUARANTEED REVENUE BONDS, SERIES 2024 (SENIOR HOUSING PROJECT)

Dated: Date of Delivery

Due: November 1, as shown on the inside front cover

The \$13,865,000* aggregate principal amount of County Guaranteed Revenue Bonds, Series 2024 (Senior Housing Project) (the “Bonds” or the “Series 2024 Bonds”) will be issued by the Passaic County Improvement Authority (the “Authority”) as fully-registered bonds in book-entry only form, in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”). Individual purchases of the Bonds may be made in the principal amount of \$5,000 each or any integral multiple thereof. DTC will act as securities depository for the Bonds. As long as Cede and Co. is the registered owner of the Bonds, as nominee for DTC, references herein to the registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as hereinafter defined) of the Bonds. See “DESCRIPTION OF THE BONDS - Book-Entry-Only System” herein. Manufacturers and Traders Trust Company, Iselin, New Jersey, will serve as Trustee, Paying Agent and Registrar (“Trustee”, “Paying Agent” and “Registrar”, respectively) for the Bonds. The principal or redemption price of and interest on the Bonds will be paid by the Paying Agent. As long as DTC or its nominee, Cede & Co., is the registered owner, such payments will be made directly to Cede & Co. Disbursement of such payments to Direct Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to Beneficial Owners is the responsibility of the Direct Participants and the Indirect Participants (as defined herein), as more fully described herein. Interest is payable on May 1 and November 1, until maturity or prior redemption, commencing May 1, 2025, to the registered owners of record as of April 15 and October 15 (the “Record Dates”) next preceding such interest payment date as shown on the registration books of the Authority maintained by the Registrar. The Bonds will mature and bear interest as set forth on the inside front cover. The Bonds are subject to optional redemption prior to their stated maturities as described herein. See “DESCRIPTION OF THE BONDS – Redemption Provisions” herein.

The Bonds are being issued pursuant to (i) the bond resolution of the Authority entitled, “Resolution Authorizing the Issuance of County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 of the Passaic County Improvement Authority”, duly adopted on March 27, 2024 (the “General Bond Resolution” or “Bond Resolution”); (ii) a certificate of the Chairman of the Authority, dated the date of sale of the Bonds (the “Series Certificate” and together with the General Bond Resolution, the “Bond Resolution”); and (iii) the County Improvement Authorities Law, N.J.S.A. 40:37A-44 *et seq.*, as amended and supplemented (the “Act”).

The Bonds are being issued for the purpose of financing (i) land acquisition; (ii) the construction of a 100% affordable housing project in Pompton Lakes, New Jersey, consisting of 64 one-bedroom units, exclusively for use by senior/disabled low and moderate-income households with preference for veterans and local residents, and 1 two-bedroom unit for use by the Superintendent (the “Housing Project”); (iii) capitalized interest on the Bonds; (iv) deposits to certain operating and replacement reserve funds (as defined herein); and (v) the costs of issuance of the Bonds, collectively (collectively, the “Project”).

The Bonds will be secured by a Loan Agreement dated as of November 1, 2024 (the “Loan Agreement”), by and between Authority and the Passaic County Affordable Housing Corporation (the “Corporation”), by which the Corporation will agree to make loan repayments to the Authority secured by a pledge and assignment of all revenues received by the Corporation, including Rents and Housing Assistance Payments Contract (the “HAP Contract”) Payments. The Bonds will additionally be secured by a County Guaranty (as defined herein) pursuant to Section 80 of the Act and a Deficiency Agreement (as defined herein) with the County pursuant to Section 79 of the Act.

THE BONDS SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF, AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF, AND SHALL NOT BE OR CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF, THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY (SOLELY TO THE EXTENT OF THE PLEDGE PURSUANT TO THE BOND RESOLUTION), THE CORPORATION (SOLELY TO THE EXTENT OF THE LOAN AGREEMENT), THE COUNTY (SOLELY TO THE EXTENT OF THE COUNTY GUARANTY). NEITHER THE STATE OF NEW JERSEY NOR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY (SOLELY TO THE EXTENT OF THE PLEDGE PURSUANT TO THE BOND RESOLUTION) IS OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE CORPORATION (SOLELY TO THE EXTENT OF THE LOAN AGREEMENT), THE COUNTY (SOLELY TO THE EXTENT OF THE COUNTY GUARANTY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS, BUT ALL BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES OR FUNDS PLEDGED OR AVAILABLE FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

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

The Bonds are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Law Offices of Peter A. Tucci, Jr. LLC, Hackensack, New Jersey, General Counsel to the Authority, for the County by Nadege D. Allwaters, Esq., County Counsel and Dilworth Paxson LLP, Freehold, New Jersey, County Bond Counsel, for the Underwriter by Hartmann Doherty Rosa Berman & Bulbulia, Hackensack, New Jersey, and for the Corporation by McManimon, Scotland and Baumann, LLC, Roseland, New Jersey. It is expected that The Bonds will be available for delivery to DTC in Brooklyn, New York, on or about November 26, 2024.

RAYMOND JAMES

*Preliminary, subject to change.

This is a Preliminary Official Statement “deemed final” by the Authority within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, as amended and supplemented (the “Rule”), and is otherwise subject to change in accordance with applicable law. Upon the sale of the Bonds described herein, the Authority will deliver a final Official Statement in compliance with the Rule. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PASSAIC COUNTY IMPROVEMENT AUTHORITY
(Passaic County, New Jersey)

\$13,865,000*
COUNTY GUARANTEED REVENUE BONDS, SERIES 2024 (SENIOR HOUSING PROJECT)

MATURITY SCHEDULE

<u>Year</u> <u>(November 1)</u>	<u>Principal*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2028	\$ 95,000			
2029	110,000			
2030	130,000			
2031	145,000			
2032	165,000			
2033	185,000			
2034	205,000			
2035	230,000			
2036	250,000			
2037	275,000			
2038	300,000			
2039	330,000			
2040	355,000			
2041	385,000			
2042	420,000			
2043	450,000			
2044	485,000			
2045	525,000			
2046	565,000			
2047	605,000			
2048	645,000			
2049	690,000			
2050	740,000			
2051	790,000			
2052	840,000			
2053	895,000			
2054	955,000			
2055	1,015,000			
2056	1,085,000			

\$ _____ * _____ % Term Bond Due November 1, _____ to Yield _____ % CUSIP** _____

* Preliminary, subject to change.

** CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by Fact Set Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds and the Authority does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**PASSAIC COUNTY IMPROVEMENT AUTHORITY
COMMISSIONERS AND PROFESSIONALS**

COMMISSIONERS

Dennis F. Marco, Chairman
Michael Glovin, Vice Chairman
Anthony J. DeNova III
Michael Ramaglia
Keith Spillane

GENERAL COUNSEL

Peter A. Tucci, Jr., Esq.
Hackensack, New Jersey

BOND COUNSEL

Archer & Greiner P.C.
Red Bank, New Jersey

FINANCIAL ADVISOR

NW Financial Group, LLC
Bloomfield, New Jersey

TRUSTEE AND PAYING AGENT

Manufacturers and Traders Trust Company
Iselin, New Jersey

AUDITOR

Wielkottz & Company, LLC
Pompton Lakes, New Jersey

**PASSAIC COUNTY OFFICIALS
BOARD OF COUNTY COMMISSIONERS**

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John W. Bartlett, Esq.

COUNTY COMMISSIONER DEPUTY DIRECTOR

Cassandra Lazzara

COUNTY COMMISSIONERS

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Terry Duffy
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Pasquale Lepore

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Matthew P. Jordan, Esq.

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Nadege D. Allwaters, Esq.

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DIRECTOR OF FINANCE

Richard Cahill

COUNTY AUDITOR

Steven D. Wielkotz, C.P.A., R.M.A.
Wielkotz & Company, LLC
Pompton Lakes, New Jersey

BOND COUNSEL

Dilworth Paxson LLP
Freehold, New Jersey

The information set forth herein has been provided by the Passaic County Improvement Authority (the "*Authority*") and by other sources that are believed to be reliable by the Authority, but the information provided by such sources is not guaranteed as to accuracy or completeness by the Authority. Certain general and financial information concerning the County of Passaic, New Jersey (the "*County*"), is contained in Appendix A and Appendix B to this Official Statement. Such information has been furnished by the County, the Corporation and the Authority has not confirmed the accuracy or completeness of such information relating to the County, or the Corporation and disclaims any responsibility for the accuracy or completeness thereof. Where the Constitution or statutes of the State of New Jersey are referred to, reference should be made to such Constitution or statutes for a complete statement of the matters referred to. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

The Bonds will not be registered under the Securities Act of 1933, as amended, nor will the Bond Resolution be qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. Such commissions and authorities have not reviewed or passed upon the accuracy or adequacy of this Official Statement. The registration or qualification of the Bonds in accordance with the applicable provisions of securities laws of the jurisdictions in which the Bonds have been registered or qualified and the exemption therefrom in other jurisdictions cannot be regarded as a recommendation thereof by any such jurisdictions. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The contents of this Official Statement are not to be construed as legal, business or tax advice. Prospective investors should consult their own attorneys and business and tax advisors as to legal, business and tax advice. In making an investment decision, prospective investors must rely on their own examination of the County and/or the Corporation and the terms of the offering of the Bonds, including the merits and risks involved. This Official Statement is not to be construed as a contract or agreement among the Authority, the County, the Corporation, the Underwriter and the holders of any Bonds.

The descriptions and summaries contained in this Official Statement do not purport to be complete or definitive. All descriptions and summaries herein are qualified in their entirety by express reference to such documents and agreements contained in the Appendices hereto. Persons interested in purchasing the Bonds should review carefully the Appendices attached hereto.

This Official Statement contains, in part, estimates, assumptions and matters of opinion that are not intended as statements of fact, and no representation whatsoever is made as to the correctness of such estimates, assumptions or matters of opinion or as to the likelihood that they will be realized. So far as any statements herein involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

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

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER FEDERAL SECURITIES LAWS AS THEY APPLY TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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**OFFICIAL STATEMENT
OF
PASSAIC COUNTY IMPROVEMENT AUTHORITY
(County of Passaic, New Jersey)**

\$13,865,000*
COUNTY GUARANTEED REVENUE BONDS, SERIES 2024 (SENIOR HOUSING PROJECT)

INTRODUCTION

This Official Statement, including the cover page and inside front cover page, footnotes, appendices and material included herein by reference, is provided to furnish certain information in connection with the sale and issuance of the \$13,865,000* aggregate principal amount of County Guaranteed Revenue Bonds, Series 2024 (Senior Housing Project) (the "*Bonds*") of the Passaic County Improvement Authority (the "*Authority*"), a public body corporate and politic existing under and by virtue of the laws of the State of New Jersey (the "*State*") and, in particular, the County Improvement Authorities Law, N.J.S.A. 40:37A-44 *et seq.*, as amended and supplemented (the "*Act*"). This Official Statement should be read in its entirety.

The Bonds are being issued pursuant to (i) the bond resolution of the Authority entitled, "Resolution Authorizing the Issuance of County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 of the Passaic County Improvement Authority", duly adopted on March 27, 2024 (the "General Bond Resolution" or "Bond Resolution"); (ii) a certificate of the Chairman of the Authority, dated the date of sale of the Bonds (the "Series Certificate" and together with the General Bond Resolution, the "Bond Resolution"); and (iii) the County Improvement Authorities Law, N.J.S.A. 40:37A-44 *et seq.*, as amended and supplemented; and (iv) the Act.

The Bonds will be secured by a Loan Agreement dated as of November 1, 2024 (the "Loan Agreement"), by and between Authority and the Passaic County Affordable Housing Corporation (the "Corporation"), a New Jersey not-for-profit corporation and an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), by which the Corporation will agree to make loan repayments to the Authority secured by a pledge and assignment of all revenues received by the Corporation, including Rents and Housing Assistance Payments Contract (the "HAP Contract") Payments. The Bonds will additionally be secured by a County Guaranty (as defined herein) pursuant to Section 80 of the Act and a Deficiency Agreement pursuant to Section 79 of the Act. See "SECURITY FOR THE BONDS" herein.

The Authority has obtained Local Finance Board (the "LFB") approval on February 14, 2024 pursuant to (i) Section 6 of the Local Authorities Fiscal Control law (40A:5A-1 *et seq.*), and (ii) Sections 54(l), 79 and 80 of the Act for the financing by the Authority for the benefit of the Corporation, including the related security agreements consisting of a County Guaranty and a Deficiency Agreement with the County of Passaic (the "County").

Words and terms used but not defined herein are defined under "Forms of General Bond Resolution, Loan Agreement, Deficiency Agreement and County Guaranty Agreement" set forth in Appendix D attached hereto. The description and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to the full text of each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document.

* Preliminary, subject to change

PROJECT HISTORY AND PLAN OF FINANCING

Introduction

The Bonds will be issued for the purpose of (i) land acquisition; (ii) financing the construction of an 100% affordable housing project in Pompton Lakes, New Jersey (the “Project Site”) consisting of 64 one-bedroom units, exclusively for use by senior/disabled low and moderate-income households with preference for veterans and local residents, and 1 two-bedroom unit for use by the Superintendent (the “Housing Project”); (iii) capitalized interest on the Bonds; (iv) deposits to certain operating and replacement reserve funds; and (v) the costs of issuance of the Bonds, collectively (collectively, the “Project”). The Project will be constructed on certain land currently owned by the County (the “Property”). The Corporation will acquire the Property from the County pursuant to a Purchase and Sale Agreement (as defined herein).

The Housing Project

The Project consists of 64 one-bedroom units, exclusively for use by senior/disabled low- and moderate-income households with preference for veterans and local residents, and 1 two-bedroom unit for use by the Superintendent.

The Pompton Lakes Redevelopment Agency will enter into a Redevelopment Agreement with the Corporation to develop the Housing Project. The Corporation will enter into a Financial Agreement with the Borough of Pompton Lakes (the “Borough”) to receive a Payment in Lieu of Taxes (the “PILOT”) for the Housing Project.

Plan of Financing

The Bonds will be issued pursuant to and among other things, the General Bond Resolution. The Authority will loan the proceeds of the Bonds to the Corporation to finance, along with other sources of funds, the construction of the Housing Project. The Corporation anticipates holding a special meeting on November 1, 2024 authorizing the execution of all documents necessary to facilitate the issuance of the Bonds. The Authority and the Corporation will enter into a Loan Agreement by which the Corporation will agree to make certain periodic Loan Repayments as defined herein) to the Authority

The Corporation expects to enter into a HAP Contract with the Passaic County Public Housing Agency (the “Agency”), by which the Agency will agree to make certain periodic subsidy payments to the Corporation (the “HAP Payments”), which HAP Payments will be derived from periodic payments from the United States Department of Housing and Urban Development to the Agency pursuant to Section 8 of the Housing Act of 1937 in support of the affordable units to be provided by the Housing Project. The HAP Contract will be for 20 years with renewal options to provide rent subsidies. The Loan Repayments will be secured by the pledge and assignment of the HAP Payments by the Corporation to the Authority. Debt service on the Bonds is expected to be paid from, and will be secured by the Loan Repayments, Subsidy Payments (as defined herein) and, if made by the County, the Deficiency Payments (as defined herein) (collectively, the “Authority Revenues” in amounts sufficient to pay the debt service requirements on the Bonds). The Bonds are additionally secured by a County Guaranty.

In addition to the proceeds from the Bond financing, the Agency plans to provide approximately \$3,183,200 towards the Housing Project which is currently held in reserves. The County plans to provide a capital contribution of up to \$5.1 million (the “County Capital Contribution”), together with annual subsidy payments of \$30,000 over the 30-year operating period following construction (the “Subsidy Payments”). An additional \$500,000 State grant in support of the Housing Project has also been approved.

Construction of the Project is expected to take 18 to 24 months and accordingly, capitalized interest will be funded for approximately two years so debt service on the Bonds will not begin until the Housing Project begins receiving revenue.

The County has adopted a Guaranty Ordinance on February 27, 2024 and will enter into a Guaranty Agreement (as defined herein), providing for the full faith and credit guaranty of the payment of principal and interest on the Bonds. The County will also enter into a Deficiency Agreement by which the County will make, subject to annual appropriation, (i) the County Capital Contribution, (ii) the Subsidy Payments, and (iii) certain voluntary payments (the “Deficiency Payments”) ahead of (and in lieu of) any mandatory payments that would otherwise be payable under the County Guaranty.

To secure the County for repayment of any Deficiency Payments and draws on the County Guaranty, the Corporation will grant to the County a mortgage on the Property, an assignment of leases and rents and certain other security interests pursuant to the County Security Document (as defined herein)..

AS FURTHER SECURITY FOR THE BONDS AND IN ACCORDANCE WITH SECTION 80 OF THE ACT, THE COUNTY HAS AGREED TO PROVIDE ITS UNCONDITIONAL AND IRREVOCABLE GUARANTY FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS. SEE “SECURITY FOR THE BONDS” HEREIN.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds:

Principal Amount of Bonds	\$ _____
[Original Issue Premium/Discount]	\$ _____
	\$ _____
Other Available Funds:	
Housing Corporation Reserves	\$ _____
County Capital Contribution	\$ _____
State Grant	\$ _____
Total Sources of Funds	\$ _____

Uses of Funds:

Deposit to the Project Fund	\$ _____
Deposit to the Debt Service Fund	\$ _____
Deposit to the Administrative Fund	\$ _____
Deposit to the Operating Reserve Fund	\$ _____
Deposit to the Replacement Reserve Fund	\$ _____
Costs of Issuance ⁽¹⁾	\$ _____
Total Uses of Funds	\$ _____

(1) Includes underwriter's discount, Authority fee and all legal, accounting, printing, municipal advisory and fiduciary expenses incurred in connection with the issuance of the Bonds.

SECURITY FOR THE BONDS

General

The Bonds are special and limited obligations of the Authority payable from and secured solely by the Trust Estate, which means all right, title and interest of the Authority in, to and under (i) the Revenues, (ii) all Subsidy Payments actually paid by the County from time to time and deposited with the Trustee, (iii) with respect to the Bonds, all Deficiency Payments actually paid by the County from time to time and deposited with the Trustee, and all Guaranty Payments payable by the County and the right to receive same, (iv) all moneys and securities held in any Funds and Accounts established under the General Bond Resolution (including the deposits in the Operating Reserve Fund¹ and the Replacement Reserve Fund and except for moneys or securities held in (A) Capital Contribution Account of the Project Fund, (B) the Administrative Expense Account or the Costs of Issuance Account of the Administrative Fund, or (C) the Rebate Fund), (v) the Loan Agreement, including the Loan Repayments and the right to receive same, except for the Reserved Rights (which shall be retained by the Authority), and (vi) any other amounts received from any other source by or on behalf of the Authority and pledged by the Authority as security for the payment of the Bonds. None of the security granted to the County under the hereinafter defined County Security Document (the “County Security”) shall be part of the Trust Estate.

The Revenues mean, among other things, all gross income, interest income (including any investment income which is derived from the investment of any funds (other than the Capital Contribution Account of the Project Fund, the Administrative Expense Account or the Costs of Issuance Account of the Administrative Fund, or the Rebate Fund) held by the Trustee pursuant to the terms of the Bond Resolution), and all revenue received by the Corporation from any source whatsoever (including, but not limited to, from the ownership or operation of the Housing Project), including, but not limited to, all Rents and other income from the Housing Project (except deposits held for security) received in connection with the leases or occupancy or services or otherwise received from or in regard to tenants of the Housing Project, all HAP Payments (whether received by the Corporation or paid directly to the Trustee for the account of the Corporation), any additional money deposited by the Corporation from time to time into the Revenue Fund, all business interruption insurance proceeds, and all rights to receive the same.

The County has duly adopted an Amended and Restated Guaranty Ordinance on February 27, 2024 (the “Guaranty Ordinance”) and will enter into a Guaranty Agreement with the Authority to be dated as of November 26, 2024 (the “County Guaranty Agreement” and together with the Guaranty Ordinance, the “County Guaranty”), providing for the full faith and credit guaranty of the payment of principal and interest on the Bonds. The County will also enter into a Capital Contribution, Subsidy and Deficiency Agreement with the Authority to be dated as of November 26, 2024 (the “Deficiency Agreement”), by which the County will make, subject to annual appropriation, (i) the County Capital Contribution, (ii) the Subsidy Payments, and (iii) certain voluntary payments (the “Deficiency Payments”) ahead of (and in lieu of) any mandatory payments that would otherwise be payable under the County Guaranty.

To secure the County for the repayment of any Deficiency Payments and draws on the County Guaranty, the Corporation will grant to the County a mortgage on the Property, an assignment of leases and rents and certain other security interests pursuant to a Mortgage, Assignment of Leases and Rents, Security Agreement, Financing Statement, and Fixture Filing, to be dated as of November 26, 2024, by the Corporation and in favor of the County (the “County Security Document”).

¹ Upon depletion of the deposit in the Operating Reserve Fund there will be no further deposits required to be made into such fund.

See "Forms of General Bond Resolution, Loan Agreement, Deficiency Agreement and County Guaranty Agreement" attached hereto as Appendix D.

The provisions of the Bond Resolution are deemed to be and do constitute a contract between the Authority and the registered owners, from time to time, of the Bonds. The security interest granted and the pledge and assignment made in the Bond Resolution and the covenants and agreements set forth in the Bond Resolution to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the registered owners of any and all Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by the terms of the Bond Resolution.

Loan Agreement

The Bonds will be secured by a Loan Agreement (as defined herein) by and between the Authority and the Corporation (as defined herein), by which the Corporation will make certain periodic loan repayments to the Authority (the "Loan Repayments") in amounts that are sufficient, in both time and amount, to pay all debt service requirements for the Bonds, taking into account various credits. The Loan Repayments are expected to be derived from, and will be secured by a pledge and assignment of, all revenues received by the Corporation, including but not limited to the Rents and the HAP Payments. All revenues received by (or for the account of) the Corporation will be deposited with the Trustee, and will thereupon be used to make the Loan Repayments, pay the costs of operating and maintaining the Housing Project, provide necessary reserves and reimburse the County for any and all Deficiency Payments and Guaranty Payments.

Purchase and Sale Agreement

The Project Site is expected to be acquired by the Corporation pursuant to a Purchase and Sale Agreement (the "Purchase and Sale Agreement") to be entered into between the County, as seller, and the Corporation, as buyer, as authorized by a resolution adopted by the Board of County Commissioners on December 28, 2021.

The Corporation expects to enter into the HAP Contract with the Agency, by which the Agency will agree, subject to the satisfaction of certain requirements, to make certain periodic subsidy payments to the Corporation (the "HAP Payments"), which are expected to be derived from periodic payments from the United States Department of Housing and Urban Development to the Agency, in support of the affordable housing units to be provided by the Housing Project.

The Corporation expects to charge rents in respect of the use and occupancy of the units comprising the Housing Project (the "Rents"), which Rents shall be subject to certain limitations imposed by the HAP Contract and applicable federal and state regulations.

County Guaranty

In accordance with the Act, on February 27, 2024, the County finally adopted the Guaranty Ordinance, the provisions of which fully, irrevocably and unconditionally guaranty the payment, when due, of the principal of and interest on the Bonds. The full faith and credit of the County has been pledged for the payment of the County's obligations under the County Guaranty and the County has the power and the obligation to cause the levy of *ad valorem* taxes upon all taxable real property located in the County without limitation as to rate or amount for the payment of its obligations under the County Guaranty.

County Guaranty Agreement and Deficiency Agreement

In order to establish the terms and conditions pursuant to which the County will make payments that are required to be made under the terms of the County Guaranty, the Authority and the County will enter into the County Guaranty Agreement simultaneously with the issuance and delivery of the Bonds.

Among other things, the County Guaranty Agreement provides that if, thirty (30) days prior to any Interest Payment Date or Principal Payment Date, the amounts that are on deposit in the Funds and Accounts established under the Bond Resolution and available for such payment are insufficient to provide for the payment of the principal of (including sinking fund payments, if any) and/or interest on the Bonds that are due and payable on such payment dates, the Trustee shall notify the County's Chief Financial Officer on such day of the amounts that are necessary to provide for the payment of the principal of and/or interest on the Bonds (the "Deficiency"). If not paid pursuant to the Deficiency Agreement as described below, the County shall be obligated to make payment of the Deficiency to the Trustee no later than one (1) Business Day prior to the Interest Payment Date or the Principal Payment Date, as applicable, of the Bonds. Notwithstanding any other provision of the County Guaranty Agreement, failure by the Trustee to give the County notice as provided herein shall not relieve the County of its obligations to make payment under the terms of the County Guaranty.

Notwithstanding the above, upon the occurrence and continuance of the Deficiency one (1) Business Day prior to the Interest Payment Date or the Principal Payment Date, the County may, in its sole discretion determine to exercise its right to cause the defeasance of all or a portion of the Bonds, which defeasance is contemplated by Article XII of the Bond Resolution. In any such instance, the County may establish the defeasance date at any time, with written notice to the Authority and the Trustee and otherwise in accordance with the terms of the Bond Resolution. Nothing stated in the County Guaranty Agreement concerning the County's right to cause a defeasance is intended to diminish the County's rights to reimbursement.

When notice has been provided, as described above, the County shall take all necessary actions to make payment of the Deficiency to the Trustee as provided above. Such actions shall include the adoption of an emergency appropriation or an emergency temporary appropriation and the funding of such appropriation in accordance with the requirements of the Local Budget Law (N.J.S.A. 40A:4A-1 et seq.), the levy of ad valorem taxes on all taxable property in the County, without limitation as to rate or amount, or any other actions that are legally permitted to be taken to meet the requirements of such County Guaranty (including the adoption of a bond ordinance pursuant to the provisions of the Local Bond Law).

Whenever the County receives a notice from the Trustee pursuant to the County Guaranty Agreement that a Deficiency exists, or if the County is otherwise informed of the existence of such Deficiency, then the County, but only to the extent funds shall have been appropriated for such purpose shall, prior to any required payment of such Deficiency under the County Guaranty Agreement, make a payment in an amount equal to all or any portion of such Deficiency (each, a "*Deficiency Payment*"), pursuant to N.J.S.A. 40A:37A-79 and the Deficiency Agreement. Any such Deficiency Payment shall be paid to the Trustee no later than two (2) Business Days prior to the Interest Payment Date or the Principal Payment Date, as applicable, of the Bonds.

When notice has been provided (or knowledge has been obtained) as described above, the County may take any necessary actions to make payment of all or any portion of the Deficiency to the Trustee as provided in the Deficiency Agreement. Such actions may include the adoption of an emergency appropriation or an emergency temporary appropriation and the funding of such appropriation in accordance with the requirements of the Local Budget Law (N.J.S.A. 40A:4A-1 et seq.), the levy of *ad valorem* taxes on all taxable property in the County, without limitation as to rate or amount, or any other

actions that are legally permitted to be taken (including the adoption of a bond ordinance pursuant to the provisions of the Local Bond Law (N.J.S.A. 40A:2-1 et seq.)).

Pursuant to the Deficiency Agreement, the County shall have the option, prior to any required payment pursuant to the County Guaranty, to make a payment pursuant to N.J.S.A. 40A:37A-79 in an amount equal to all or any portion of the amount required to be paid under the County Guaranty. Failure to make a payment under the Deficiency Agreement does not absolve the County of its obligation to make its required payments under the County Guaranty.

For general and financial information concerning the County, please see Appendix A and Appendix B to this Official Statement.

THE BONDS SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF, AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF, AND SHALL NOT BE OR CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF, THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY (SOLELY TO THE EXTENT OF THE PLEDGE PURSUANT TO THE BOND RESOLUTION) AND THE COUNTY (SOLELY TO THE EXTENT OF THE COUNTY GUARANTY). NEITHER THE STATE OF NEW JERSEY NOR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY (SOLELY TO THE EXTENT OF THE PLEDGE PURSUANT TO THE BOND RESOLUTION) IS OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE COUNTY (SOLELY TO THE EXTENT OF THE COUNTY GUARANTY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS, BUT ALL BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES OR FUNDS PLEDGED OR AVAILABLE FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

DESCRIPTION OF THE BONDS

General

The Bonds are to be issued in the aggregate principal amount set forth on the cover hereof. The Bonds will be issued as fully registered bonds in book-entry only form in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”). Individual purchases of the Bonds may be made in the principal amount of \$5,000 each or any integral multiple thereof. DTC will act as securities depository for the Bonds. As long as Cede and Co. is the registered owner of the Bonds, as nominee for DTC, references herein to the registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as hereinafter defined) of the Bonds. See “Book-Entry-Only System” below. Manufacturers and Traders Trust Company, Iselin, New Jersey, will serve as Trustee, Paying Agent and Registrar (“Trustee”, “Paying Agent” and “Registrar”, respectively) for the Bonds. The principal or redemption price of and interest on the Bonds will be paid by the Paying Agent. As long as DTC or its nominee, Cede & Co., is the registered owner, such payments will be made directly to Cede & Co. Disbursement of such payments to Direct Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to Beneficial Owners is the responsibility of the Direct Participants and the Indirect Participants (as defined herein), as more fully described herein. Interest is payable on each May 1 and November 1 until maturity or prior redemption, commencing May 1, 2025, to the registered owners of record as of April 15 and October 15 (the “Record Dates”) next preceding such interest payment date as shown on the registration books of the Authority maintained by the Registrar. The Bonds will mature and bear interest as set forth on the inside front cover.

Redemption Provisions

The Bonds of this issue maturing prior to November 1, 2034 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after November 1, 2034 are redeemable at the option of the Authority, upon notice as described in the Bond Resolution, either in whole or in part, by lot within a single maturity from maturities selected by the Authority, on any date on or after November 1, 2033, at a redemption price equal to 100% of the principal amounts of the Bonds, and accrued interest thereon to the date of redemption.

When the Trustee shall be required or shall be authorized, or shall receive written notice from the Authority of its election to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and the provisions of the Bond Resolution, select the Bonds to be redeemed and the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds. Such notice shall specify the series and maturities of the Bonds to be redeemed, the redemption price, the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable and, if less than all of the Bonds of any like series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed, and, in the case of a Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount thereof to be redeemed. Such notice shall further state that on such date the Redemption Price thereof shall become due and payable with respect to each Bond to be redeemed, or the Redemption Price of the specified portion of the principal amount thereof (in the case of a Bond to be redeemed in part only), together with interest accrued thereon to the redemption date, and such notice shall also state that from and after such date interest on such Bonds, or portion thereof, shall cease to accrue and be payable. Such notice shall be given by mailing a copy of such notice, postage prepaid, not less than 25 days prior to such redemption date, to the Registered Owner of any Bond all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registration books of the Authority kept and maintained on behalf of the Authority by the Registrar. However, such mailing shall not be a condition precedent to such redemption and the failure of the Trustee to mail such notice or the failure of such notice to be received by the Holder of such Bonds or portions of such Bonds shall not affect the validity of any proceedings for such redemption.

Book-Entry-Only System¹

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

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

¹ Source: The Depository Trust Company

and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and none of the Authority, the County or the Underwriter (as defined herein) takes any responsibility for the accuracy thereof.

THE AUTHORITY, THE PAYING AGENT AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS, (ii) CONFIRMATION OF OWNERSHIP INTERESTS IN THE BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DIRECT AND INDIRECT PARTICIPANTS ARE ON FILE WITH DTC.

THE AUTHORITY, THE PAYING AGENT AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OF THE BONDS OR ANY OTHER PERSON WITH RESPECT TO: (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (iv) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO BONDHOLDERS; (v) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF ANY BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

THE AUTHORITY

General

The Authority is a public body corporate and politic organized and existing under the Act and created pursuant to a resolution of the Board of Chosen Freeholders (now Board of County Commissioners) of the County adopted on December 31, 2002. The Authority shall exist until dissolved by the governing body of the County in accordance with the Act.

The Authority has, among other powers, the authority to extend credit or make loans for the planning, design, acquisition, construction, equipping and furnishing of public facilities, the payments with respect to which will be sufficient to pay the principal of and interest on the Bonds issued for that purpose by the Authority. The Act permits the Authority to provide for, among other things, the construction of convention halls, solid waste disposal facilities, recreation/entertainment centers, low and moderate income housing, to plan, initiate and carry out redevelopment projects and to provide financing on behalf of certain non-profit entities, such as School.

The present members of the governing body of the Authority and the expiration dates of their terms are as follows.

<u>Members</u>	<u>Title or Position</u>	<u>Term Expiration</u>
Dennis Marco	Chairman	02/01/2026
Michael Glovin	Vice Chairman	02/01/2025
Anthony J. DeNova III	Commissioner	02/01/2029
Michael Ramaglia	Commissioner	02/01/2027
Keith Spillane	Commissioner	02/01/2028

LEGALITY FOR INVESTMENT

Under the Act, the Bonds are securities in which the State and all public officers, municipalities, counties, political subdivisions, public bodies and agencies thereof, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in the Bonds, and said Bonds shall be authorized security for any and all public deposits.

PLEDGE OF STATE NOT TO LIMIT POWER OF AUTHORITY OR RIGHTS OF BONDHOLDERS

The Act sets forth the pledge, covenant and agreement of the State that it will not limit or alter the rights vested by the Act in the Authority to fulfill the terms of any agreement made with holders of bonds or other obligations of the Authority or in any way impair the rights and remedies of such holders until such bonds or other obligations, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged or provided for.

MUNICIPAL BANKRUPTCY

The undertakings of the Authority, the County, and the Corporation should be considered with reference to 11 U.S.C. §101 *et seq.*, as amended and supplemented (the "*Bankruptcy Code*"), and other bankruptcy laws affecting creditors' rights and governmental units in general. The Bankruptcy Code permits a municipality, a political subdivision, a public agency or an instrumentality of the State that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner while it formulates and negotiates a plan for adjustment of its debts; grants priority to certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of at least one impaired class. Should the Authority, the County, or the Corporation file a petition in the Bankruptcy Court under Chapter 9 of the Bankruptcy Code prior to the payment in full of the principal of and interest on the Bonds, the holders of the Bonds would be considered creditors and would be bound by the Authority's, the County's, or the Corporation's plan of adjustment of its debt. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code; *provided, however*, that a state law prescribing a method of composition of indebtedness of the municipality may not bind any creditor that does not consent to such composition and that a judgment entered under such state law may not bind a creditor that does not consent to such composition.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note may not be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.*, which provides that a local unit, including the Authority, the County, or the Corporation, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; *provided, however*, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

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

NEGOTIABILITY OF BONDS OR NOTES

Section 24 of the Act, N.J.S.A. 40:37A-67, provides that any bond or other obligation issued pursuant to the Act, including the Bonds, shall be fully negotiable within the meaning and for all purposes of the negotiable instruments law of the State. Each holder or owner of such bond or other obligation,

including the Bonds, or of any coupon appurtenant thereto, by accepting such bond or coupon shall be conclusively deemed to have agreed that such bond, obligation or coupon is and shall be fully negotiable within the meaning and for all purposes of said negotiable instruments law.

LITIGATION

The Authority

There is no controversy or litigation of any nature now pending or threatened against the Authority restraining or enjoining the authorization, sale, execution, issuance or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Authority taken with respect to the authorization, sale, execution, issuance or delivery thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the Authority related to the authorization, sale, execution, issuance or delivery of the Bonds. There is no litigation pending or, to the knowledge of the Authority, threatened in any court wherein an adverse decision would have a material adverse impact on the financial position of the Authority or its ability to provide for the payment of the Bonds.

The County

There is no controversy or litigation of any nature now pending or threatened against the County restraining or enjoining the adoption, execution or delivery of the County Guaranty or the execution or delivery of the County Guaranty Agreement or the Deficiency Agreement, or in any way contesting or affecting the validity of the County Guaranty, the County Guaranty Agreement or the Deficiency Agreement or any proceedings of the County taken with respect to the adoption, execution or delivery thereof or the existence or powers of the County related to the adoption, execution and delivery of the County Guaranty or the execution and delivery of the County Guaranty Agreement or the Deficiency Agreement. There is no litigation pending or, to the knowledge of the County, threatened in any court wherein an adverse decision would have a material adverse impact on the financial position of County or its ability to pay, or to provide for payment under, the County Guaranty, the County Guaranty Agreement or the Deficiency Agreement.

The Corporation

There is no controversy or litigation of any nature now pending or threatened against the Corporation restraining or enjoining the approval, execution or delivery of the Loan Agreement or other Corporation documents delivered in connection with the Bonds, or in any way contesting or affecting the validity of the Loan Agreement or other Corporation documents delivered in connection with the Bonds or any approvals of the Corporation taken with respect to the execution or delivery thereof or the existence or powers of the Corporation related to the approval, execution and delivery of the Loan Agreement or other Corporation documents delivered in connection with the Bonds. There is no litigation pending or, to the knowledge of the Corporation, threatened in any court wherein an adverse decision would have a material adverse impact on the financial position of Corporation or its ability to pay, or to provide for payment under, the Loan Agreement or other Corporation documents delivered in connection with the Bonds.

BONDS NOT A DEBT OF STATE OF NEW JERSEY

THE BONDS SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF, AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF, AND

SHALL NOT BE OR CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF, THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY (SOLELY TO THE EXTENT OF THE PLEDGE PURSUANT TO THE BOND RESOLUTION), AND THE COUNTY (SOLELY TO THE EXTENT OF THE COUNTY GUARANTY). NEITHER THE STATE OF NEW JERSEY NOR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY (SOLELY TO THE EXTENT OF THE PLEDGE PURSUANT TO THE BOND RESOLUTION) IS OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE COUNTY (SOLELY TO THE EXTENT OF THE COUNTY GUARANTY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS, BUT ALL BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES OR FUNDS PLEDGED OR AVAILABLE FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

TAX MATTERS

Exclusion of Interest on the Bonds from Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "*Code*"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Authority or the Corporation to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Authority and the Corporation will make certain representations in its Arbitrage and Tax Certificate or Loan Agreement, as applicable, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Authority and the Corporation have covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and the Loan Agreement, as applicable, and will assume continuing compliance by the Authority or the Corporation with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the Authority and the Corporation observe their covenants with respect to compliance with the Code, Archer & Greiner P.C., Bond Counsel to the Authority ("*Bond Counsel*"), is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds and the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("*IRS*") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

In rendering its opinion, Bond Counsel has relied on the opinion of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Corporation Counsel, with respect to the recognition by the Internal Revenue Service of the Corporation as a Section 501(c)(3) tax-exempt charitable organization, with respect to the Project as exclusively serving this recognized Section 501(c)(3) tax-exempt, charitable purpose.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Corporation or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "*Premium Bonds*"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of Bond premium that will be treated for federal income tax purposes as

having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Bank Qualification

The Bonds **will not** be designated as qualified under Section 265 of the Code by the Authority for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues that are eligible to be designated, and that are designated, by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.

Additional Federal Income Tax Consequences of Holding the Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

Changes in Federal Tax Law Regarding the Bonds

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY

LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

APPROVAL OF LEGALITY

The issuance and delivery of the Bonds are subject to the approving legal opinion of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by the Law Offices of Peter A. Tucci, Jr. LLC, Hackensack, New Jersey, General Counsel to the Authority, for the County by Nadege D. Allwaters, Esq., County Counsel and Dilworth Paxson LLP, Freehold, New Jersey, County Bond Counsel, for the Underwriter by Hartmann Doherty Rosa Berman & Bulbulia, Hackensack, New Jersey, and for the Corporation by McManimon, Scotland & Baumann, LLC, Roseland, New Jersey.

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

UNDERWRITING

The Bonds are being purchased for re-offering by Raymond James & Associates, Inc. (the "*Underwriter*"). The Bond Purchase Contract entered into among the Authority and the County and the Underwriter provides that all of the Bonds will be purchased if any are purchased. The Bond Purchase Contract further provides that the purchase price for the Bonds is \$ _____, representing the principal amount of the Bonds, *plus* original issue premium in the amount of \$ _____, *less* Underwriter's discount in the amount of \$ _____.

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

SECONDARY MARKET DISCLOSURE

In accordance with the provisions of Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "*Rule*"), the Authority will, prior to the issuance of the Bonds, enter into agreements (individually, the "*Continuing Disclosure Agreement*" and collectively the "*Continuing Disclosure Agreements*") with Digital Assurance Certification, L.L.C., Orlando, Florida, as dissemination agent, and as applicable, the County and the Corporation, substantially in the forms set forth in Appendix E attached hereto.

A failure by the Authority, the County, or the Corporation to comply with the provisions of the applicable Continuing Disclosure Agreement will not constitute a default under the Bonds, and holders and beneficial owners are limited to the remedies set forth in the applicable Continuing Disclosure Agreement. However, failure by any of the Authority, the County, or the Corporation to comply with the applicable Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker or dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Authority

The Authority has entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. The Authority has engaged the services of Digital Assurance Certification, L.L.C. to assist with the Authority's continuing disclosure obligations.

The County

The County has entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. The County has engaged the services of Digital Assurance Certification, L.L.C. to assist with the County's continuing disclosure obligations.

The Corporation

The Corporation has not entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. At its November 1, 2024 meeting, the Corporation anticipates engaging the services of Digital Assurance Certification, L.L.C. to assist with the Corporation's continuing disclosure obligations.

RATING

Moody's Investors Service, Inc. (the "*Rating Agency*") has assigned the Bonds a rating of "Aa1" based upon the creditworthiness of the County.

Such rating reflects the view of the Rating Agency at the time such rating was given and the Authority makes no representation as to the appropriateness of the rating. Any explanation of the significance of the rating may be obtained from the Rating Agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision, qualification or withdrawal of the rating can be expected to have an adverse effect on the market price or marketability of the Bonds. None of the Authority or the County (except to the extent as may be set forth in the applicable Continuing Disclosure Agreement) or the Underwriter has agreed to take any action with respect to any proposed rating change or to bring such rating change, if any, to the attention of the holders of the Bonds.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey, serves as municipal advisor to the Authority with respect to the issuance of the Bonds and has assisted in matters relating to the planning, structuring and issuance of the Bonds. However, NW Financial Group, LLC has not audited or participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified

the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion or other assurance with respect thereto.

APPENDICES

Appendix A to this Official Statement consists of Economic and Demographic Information Relating to the County of Passaic, New Jersey and certain financial and general information concerning the County that has been provided by the County from public documents of the County and from other public or official documents or publications referred to therein.

Appendix B to this Official Statement consists of the financial statements of the County as of and for the year ended December 31, 2023 (the “Financial Statements”). The Financial Statements have been audited by Wielkott & Company, LLC, Pompton Lakes, New Jersey, as independent auditor (the “Auditor”), as stated in its report appearing in Appendix B to this Official Statement. See “Appendix B – Financial Statements of the County of Passaic, New Jersey.” The Auditor has not participated in the preparation of this Official Statement, except to the extent previously stated.

Appendix C to this Official Statement consists of the proposed form of the approving legal opinion of Bond Counsel.

Appendix D to this Official Statement consists of forms of the General Bond Resolution, Loan Agreement, Deficiency Agreement and County Guaranty Agreement.

Appendix E to this Official Statement consists of the forms of the Continuing Disclosure Agreements.

INFECTIOUS DISEASE OUTBREAK – COVID 19

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the County have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the County. The County cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-

19 pandemic. The County has received \$97,473,818 from the Plan. The deadline to spend the funds is December 31, 2024 and such funds can only be spent on certain allowable uses as set forth in the Plan.

MISCELLANEOUS

Certain portions of the information herein are summaries of certain portions of the Bond Resolution. Such summaries not purporting to be quoted in full are descriptions of certain provisions and are in all respects subject to and qualified in their entirety by express reference to the provisions of the complete documents, copies or forms, as applicable, of which are included in Appendix D and will be on file and available for examination at the offices of the Authority or the Trustee.

All information, estimates and assumptions herein have been obtained from officials of the Authority, the County, other governmental bodies, trade and statistical services and other sources that are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized.

This Official Statement is not to be construed as a contract or agreement among the Authority, the County, the Corporation, the Underwriter or the holders of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Authority or the County since the date hereof. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as they apply to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

PASSAIC COUNTY IMPROVEMENT AUTHORITY

By: _____
Dennis Marco, Chairman

Dated: November __, 2024

APPENDIX A

**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING
TO THE COUNTY OF PASSAIC, NEW JERSEY**

GENERAL INFORMATION ON THE COUNTY

Early History

The County was organized under an act of the New Jersey Legislature on February 7, 1837, more than 150 years after the first Dutch pioneers settled in the region. The creation of the County from parts of Bergen and Essex Counties ended a 15-year feud between Hackensack and Paterson residents and merchants. Paterson merchants disliked the idea of having to travel to the County Seat of Hackensack. These merchants petitioned the legislature for the establishment of a new county.

The local dispute between Paterson and Hackensack erupted on a Statewide level. Southern New Jersey legislators hesitated to create a new county that would give northern counties additional representation in the legislature. Finally, a compromise was reached by creating another southern county at the same time, and the County of Passaic became a reality.

The County is replete with legends, history and heroes of the Revolutionary Age: General Washington's Headquarters in 1780 still stands on the grounds of a County park where it was built in 1709; the exploits of the dashing General "Mad" Anthony Wayne for whom the Township of Wayne is named, are legendary; and the Great Falls of Paterson cascade daily in tribute to Alexander Hamilton, who fathered American industry through the creation of the Society of Useful Manufacturers, which harnessed the power of these great falls for sale to the manufacturers of the time.

Governmental Structure

Since 1798, counties in New Jersey have operated under the Freeholder form of County government. Originally, each municipality in the County was entitled to one Freeholder to represent it at the County level. Changes in the original law were made in 1918, which reduced the number of Passaic County Freeholders to a total of seven, elected at large. In 2020, the State of New Jersey Legislature passed a bill, which was signed by the Governor on August 21, 2020, which changed the title of Freeholder to County Commissioner effective January 1, 2021.

The Commissioners, complemented by a County Administrator, function through committees and possess executive and legislative powers.

The responsibilities of the Commissioners encompass, in addition to linking the municipalities with state and other local governments, fiscal administration, the County judiciary system, law enforcement, recreation, road and bridge maintenance and construction, the County correctional and penal system, health and welfare, education and a myriad of other responsibilities.

Geographic Location

The County is located in northern New Jersey within the New York-New Jersey metropolitan area. The County borders New York State on the north and is surrounded by Sussex, Morris, Essex and Bergen Counties.

The County is shaped like a bent hourglass with the area above the neck running generally north and south and that portion below, east and west. The contrast between the two areas is striking. The upper half of the County is characterized by large lakes and watersheds and possesses a stunning topography. The lower half of the County contains more than 90% of the population in a third of the land area.

The highest point in the County is Bearfort Mountain in West Milford Township with an elevation of 1,484 feet. The County's lowest area is the tidal land along the Passaic River in Clifton and Passaic.

Within its 197.05 square miles there are 40 lakes and ponds, three state parks and two state forests.

Population of the County of Passaic

2020	524,118
2019	501,826
2018	503,310
2017	512,607
2016	507,945
2015	510,916
2014	508,856
2013	505,672
2012	504,245
2011	503,508
2010	501,226
2000	490,377
1990	470,864
1980	447,585
1970	460,782
1960	406,618
1950	337,093

Source: United States Bureau of the Census. www.data.census.gov

Industry and Economy

During the past four decades, the economy of the County has undergone a tremendous change from its position as one of the leading textile and apparel centers of the world. The County has changed its former economic dependence upon this narrow base of employment to an economy of considerable diversification and growth with companies manufacturing food products, components for the aerospace industry, chemicals and fabricated metal products.

It should be recognized that the growth of non-manufacturing jobs in the service, retail and wholesale industries, as well as in finance and insurance, has more than made up for the loss of manufacturing employment. This growth has seen the change in the County's economy from blue collar to white collar.

**County of Passaic
Labor Force Estimates**

(000's Omitted)

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2024 (March)	257.5	240.8	16.7	6.5%
2023 (December)	257.6	243.1	14.6	5.7
2022 (December)	252.4	242.2	10.2	4.0
2021	236.9	215.4	21.5	9.1
2020	245.2	214.3	30.9	12.6
2019	242.2	231.8	10.4	4.3
2018	239.2	227.0	12.2	5.1
2017	241.4	227.6	13.8	5.7
2016	243.5	228.5	15.0	6.2
2015	249.7	232.5	17.1	6.9
2014	248.4	228.3	20.2	8.1
2013	241.4	217.4	24.0	9.9
2012	243.3	216.1	27.2	11.2

Source: New Jersey Department of Labor and Workforce Development, Office of Research and Information, - Annual Averages for all Years unless noted https://www.nj.gov/labor/lpa/employ/uirate/lfest_index.html

Statistics of Income 2019-2021: New Jersey Income Summary

Returns Filed and Total Income by County

County of Residence	2019			2020			2021		
	Total Income		Total Income	Total Income		Total Income	Total Income		Total Income
	Amount	Average	Rank	Amount	Average	Rank	Amount	Average	Rank
Atlantic	\$8,902.2	\$62,054	15	\$8,855.9	\$60,772	16	\$9,375.3	\$69,975	16
Bergen	58,223.2	127,598	1	58,781.4	127,203	1	68,694.4	151,707	1
Burlington	19,363.4	90,811	10	19,508.7	90,078	10	21,994.7	100,609	10
Camden	18,035.5	74,762	12	18,078.8	73,781	12	19,831.0	82,686	12
Cape May	3,401.1	71,534	20	3,428.2	72,528	20	4,239.7	90,842	19
Cumberland	3,837.1	56,365	19	4,010.3	56,883	19	3,986.8	60,942	20
Essex	36,151.4	96,568	3	36,820.4	96,458	3	43,141.0	119,029	3
Gloucester	11,100.2	79,153	14	11,231.4	78,695	14	12,434.0	88,296	14
Hudson	29,744.3	86,950	6	29,889.5	86,412	6	29,604.2	91,939	7
Hunterdon	8,789.3	136,607	16	9,019.6	139,405	15	10,261.7	161,548	15
Mercer	18,438.7	104,451	11	18,574.6	103,180	11	21,229.5	122,272	11
Middlesex	34,680.5	86,309	4	35,397.9	86,447	4	38,335.7	95,358	5
Monmouth	37,613.3	120,469	2	39,056.8	123,482	2	46,958.2	150,345	2
Morris	34,505.9	143,000	5	35,084.7	143,525	5	41,922.4	167,753	4
Ocean	20,430.5	73,590	9	21,072.9	74,273	9	24,905.5	86,437	9
Passaic	16,729.7	65,919	13	16,532.6	63,280	13	17,793.9	71,565	13
Salem	1,859.9	64,602	21	1,916.1	65,501	21	2,151.0	73,432	21
Somerset	23,616.9	150,063	8	24,392.4	153,568	8	28,576.9	171,263	8
Sussex	6,528.0	91,241	17	6,553.7	90,278	17	7,115.6	98,120	17
Union	26,683.3	98,498	7	27,207.5	98,611	7	31,601.4	117,661	6
Warren	4,198.9	78,365	18	4,227.3	77,245	18	4,578.1	84,725	18
Total	422,833.4	97,509	-	429,640.7	97,451	-	488,730.9	113,341	-

1/ Source: Statistics of Income 2019 to 2021, Table 5.1 NJ Department of the Treasury 3 2024

2/ Amounts in millions;

3/ Ranking based Total income.

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Authorized Permits for New Construction - 2019 to 2023

Authorized Permits and Construction Value	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Housing Units: New Construction	793	1,016	274	670	334
Office: Authorized Square Feet	541,273	407,563	333,011	477,510	325,947
Retail: Authorized Square Feet	22,398	59,186	17,606	670	62,495
Other Non-Residential Uses: Authorized Square Feet	1,854,007	1,896,852	863,021	893,662	458,781
Estimated Cost of Construction Authorized by Building Permits	\$841,383,889	\$420,419,622	\$492,532,636	\$323,768,657	\$310,042,473

Source: NJ Department of Community Affairs, Building Permits Yearly Data:
 January-December for 2023, 2022 January – November 2021, 2020, 2019, 2018 and 2017.
http://www.state.nj.us/dca/divisions/codes/reporter/building_permits.html#2
https://www.nj.gov/dca/codes/reporter/building_permits.shtml

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Economic Outlook

According to the New Jersey Department of Labor and Workforce Development, Passaic County's December 2023 labor force totaled 257,600 with an unemployment rate of 5.7%, higher than the 2022 December rate of 4.0% but substantially lower than the 2021 unemployment rate of 9.1%. This increase in unemployment rate was directly due to the closing of several big box retailers such as Bed Bath and Beyond and their big box children's store along with other large retailers. Overall, Passaic County has experienced a resurgence in its economy as the COVID-19 pandemic waned. Since the economy is highly diversified with no particular industry or sector accounting for a large percentage of the employment in the County, many of Passaic County's residents remained employed during the national and state emergency.

In a recent **Lightcast Economy Overview for Passaic County, Q1 2024 Dataset**, the County's population **increased by 17,031 over the last 5 years and is projected to grow by 31,018 over the next 5 years.**

Lightcast also reported that Passaic County's median household income as of 2021 was \$78,400, **\$9,400 above** the national median household income of \$69,000. Between 2018 to 2023, jobs increased by 2.8% in Passaic County from 186,469 to 191,624.

New York financial technology company SmartAsset evaluated the Gross Domestic Product (GDP) of New Jersey counties by measuring the change in the local GDP over a four-year period. Passaic County ranked number nine compared to all 21 counties in the state by experiencing strong growth and investment.

The study captured the places around the country that are receiving the most incoming investments in business, real estate, government and the local economy as a whole. SmartAsset looked at four factors: business establishment growth, GDP growth, new building permits and municipal bond investment. Every county in the study was scored on these four factors, weighing each factor equally. Passaic County received a high ranking due to its business growth, \$813 million in business investment, number of building permits and municipal bond activity.

In a recent USA Today article with information from Realtor.com, ***How Hot is the Real Estate Market In North Jersey?***, "Passaic County's median sales price for a single-family home was \$435,000, up 7.7% from a year earlier. Prices have been rising for 18 consecutive months on a year-over-year basis... In Passaic County the top 10% of the properties sold had prices of at least \$643,000, up 3.5% from a year before."

Following this residential trend, Co-Star reports that as of March 2023, the industrial/warehouse vacancy rate for Passaic County inched up slightly to 3.4%. Office space has followed a similar pattern with a vacancy rate of 8.8 % and the County's retail sector, is experiencing a vacancy rate of only 3.9%.

NJ Department of Labor and Workforce Development, (NJDOLWD) Private Sector Employment and Annual Wages by Industry report for 2023 indicates that the following key industries provide the highest employment opportunities in Passaic County: Health Care and Social Assistance (19.8%); Retail Trade (16.3%); Manufacturing (12.5%); Administrative and Waste Services (8.9%); Wholesale Trade (6.2%) and Accommodation and Food Services (7.7%).

For decades, financial companies have been migrating from New York City's Lower Manhattan historic financial district to new areas such as New Jersey which remains the largest data center market in the country, according to Sean Brady, Senior Director, Cushman & Wakefield. Many of these data centers have located in Passaic County. A prime example is Digital Realty, the largest developer of wholesale data space, who recently began construction on a 150,000 square foot built-to-suit data center for the anchor tenant on its campus in Totowa. This will be the first of two data center buildings planned for the site, with the second phase planned for 250,000 square feet.

"We will be developing a highly strategic, purpose-built, new infrastructure solution to help a leading data analytics provider optimize data exchange for their employees, customers and partners," said William Stein, the CEO of Digital Realty, during the company's recent earnings call.

"In terms of specific wins during the quarter, the New York metro area was a standout," added Stein, who said it was *"the top destination for network and enterprise-oriented deployments during the second quarter."*

The Digital Realty build-to-suit project is notable because this type of development has not been seen recently in New Jersey, which was once the premier market for single-tenant data centers for the financial industry. The Totowa project builds on several years of positive momentum for multi-tenant data centers in the Garden State, with both colocation and wholesale suites seeing improved demand.

This pattern continues with the data center built for Credit Suisse at the 284,000 square foot Hudson Communication Center located in Clifton, and the 126,000 square foot Russo Development Data Center in Totowa, NJ. In addition, Digital Totowa has broken ground on a 457,117 square foot data center along Union Boulevard, Totowa, NJ. Mountain Development Corporation has completed their Financial Data Center at 2 Peekay Drive, Clifton, NJ to house Telx Group, Inc. This 215,000 square foot, 3 story data center is a flagship site for Telx, providing cloud computing services, high-speed connections to financial exchanges and space for back-up data storage. Telx has subsequently purchased this site from Mountain Development Corporation.

The educational and health services industry, continues to be robust and able to withstand economic shifts, and will continue to see gains in the coming year. The National Science Foundation (NSF) in Washington, D.C., has awarded a five-year \$1 million Scholarships-in-STEM Grant to William Paterson University in Wayne. William Paterson's five-year \$1 Million Scholarships-in-STEM Grants from the National Science Foundation will support low-income, academically talented math and computer science majors, according to the university. Over the five-year duration, the project will support 26 first-year and transfer students pursuing bachelor's degrees in mathematics, computer science, or computer information technology, according to the university. First-year students will receive scholarship support for up to four years and transfer students will receive up to two years of scholarship support, the university stated.

In commercial construction, Passaic County has demonstrated a particular strength in generating new construction permits in 2023. Permits for the new construction of housing totaled 334 units. New construction permits for office space totaled 325,947 square feet. The estimated Cost of Construction authorized by building permits totaled \$310,042,473 in 2023.

On September 18, 2013, the State established the Grow New Jersey Assistance Program (GrowNJ) which provides corporate business tax credits as financial incentives for the relocation and expansion of companies in the State. For each year of incentives (up to maximum of 10 years), the business must commit to maintaining the project with the minimum number of full-time job positions for 1.5 times the length of the incentive award period. The Passaic County cities of Paterson and Passaic have been designated as Garden State Growth Zones which greatly increases benefits under GrowNJ. In addition, the City of Clifton is also designated as a special location, receiving enhanced benefits. This program, which ended June 30, 2019, provided investments in Passaic County as follows: **Better Team USA** has located their 16,500 square foot manufacturing plant in Clifton, NJ from Hong Kong, due to the receipt of a \$11,250,000 incentive grant, the company invested \$2,230,000 and created 150 new jobs. **Jimmy's Cookies** relocated their 87,280 square foot manufacturing facility to Clifton, NJ after the receipt of a \$7,537,500 GrowNJ incentive grant, creating 79 jobs and retaining 43. **Metropolitan Foods aka Driscoll Foods**, received a \$18,487,500 GrowNJ incentive and will invest \$67,600,000 as the company expands into a 562,000 square foot facility in Wayne, NJ, creating 139 jobs and retaining 215 employees. **Accurate Box Company** received a \$39,875,000 GrowNJ incentive award to fuel their expansion in Paterson, NJ renovating and expanding their 365,000 square foot manufacturing plant as they plan to invest \$19,807,551 in new construction and the creation of 51 new jobs and the retention of 229 employees. **Sandy Alexander**, Clifton, NJ received a \$12,740,000 incentive due to their planned investment of \$2,800,000 and the creation of 74 jobs and retention of 216 in their 134,000 square foot facility. **Patella Woodworking** received a \$10,325,000 GrowNJ incentive for their investment of \$5,856,884 in their new facility in the City of Passaic, relocating from Orangeburg, NY, fueling the creation of 70 new jobs in their 79,784 square foot facility. In addition, **MGP Manufacturing** in Paterson received an award of \$3,797,500 as they invested \$295,000 in their 12,400 square foot facility creating 31 new jobs. **Seton Hall – Hackensack School of Medicine** received a GrowNJ incentive of \$16,937,500, for their new facility located along Route 3 East in Clifton, NJ. This new medical school will employ over 271, and will invest a total capital investment of \$55,158,000 in their 238,576 square feet facility. In addition, **Coronet, Inc.** will expand in Paterson, NJ into a 67,484 square foot facility and received an incentive of \$17,760,000 and plans to invest \$5,982,644 in the new facility, employing 148.

Retail Activity

Retail activity, despite national trends continues in the County. As an example, the Willowbrook Mall, the Wayne retail power center, has increased their retail capacity by approximately 250,000 square feet for new restaurants and retailers. BJ Wholesale Club has recently expanded into the power center along with Fogo de Chão.

Commercial and Industrial Activity

A number of major commercial and industrial projects have broken ground, completed construction or have been initiated throughout Passaic County. Examples of these projects follow:

Wayne Development Activity

Point View, 1 Geoffrey Way, Wayne: This former Toys R US corporate headquarters sits on 183 acres and was purchased by DOBCO. The property will be redeveloped into a mixed-use community comprised of over 1,300 residential units (both ownership and rental). In addition, the existing 608,000 square feet of office space will be redeveloped for multiple uses including retail.

Donnelly Construction has completed construction on a 26,000-square-foot warehouse in Wayne. Located at 441 Newark Pompton Turnpike, the facility includes a 26-foot ceiling height, three tailboard loading docks, one drive-in door and 2,000 amps of power, which the builder expects will appeal to manufacturing and light assembly companies. Plans also call for 1,500 square feet of office space and a full-height glass entry.

Since 2018, the company has expanded its footprint at the site from 14 to 23 acres. In addition to the facility under construction, the property is already home to a fully leased, 29,000-square-foot industrial building, and Donnelly plans to build a third building of 70,000 square feet.

Getinge US, a medical equipment manufacturer, signed a lease at 1 Geoffrey Way in Wayne for its entire U.S. sales and service unit, a new service training center, and the home for more than 200 Getinge employees.

Amazon continues to expand in New Jersey with the October 2020 opening of Amazon 4-Star, a physical store located in the Willowbrook Mall in Wayne. The store is the first for Amazon in the state. The company currently has 26 stores in 16 states, with plans for five additional locations.

Amazon officials say Amazon 4-Star stores carry highly rated products from the top categories, including devices, consumer electronics, kitchen, home, toys, books and games. Everything in these stores is rated 4 stars and above by customers, is a top seller or is new and trending on [Amazon.com](https://www.amazon.com).

Whole Foods Market opened to customers at Valley Ridge shopping center in September 2020. The store, which feature fast-casual burger bar, offering grass-fed and plant-based patties and a lineup of eight craft beers, will be the first Whole Foods in Passaic County.

The 40,235-square-foot store will sell thousands of products that will be trucked in from area suppliers. The supermarket's opening was arguably the most anticipated in the county for some time.

The Texas-based grocer announced that it would open a store at the 9.3-acre strip mall more than two years ago, but it kept the exact date under wraps until its grand opening.

Bakkafrost, one of the largest fish-farming companies in the world, has relocated its processing plant in Clifton to an industrial building on Corporate Drive, Wayne, NJ. Bakkafrost bought the 3.8-acre property for \$4.2 million in July 2020.

The company, which raises salmon in icy waters of the North Atlantic, will fly the fish to Newark Liberty International Airport and truck them to its new facility in the middle of the night. Plant workers then unload the fish and prepare them for consumption at smokehouses, supermarkets and sushi restaurants throughout North Jersey.

The company has about 75 customers in this region and two of their biggest are Restaurant Depot and Wakefern Food Corp., the parent of ShopRite and four other grocers.

The 30,521-square-foot building, near the Totowa border, at 25 Corporate Drive, is nearly twice the size of the company's existing facility, 7 miles away on Brighton Road in Clifton.

Kering S.A., the French parent company of Gucci and other luxury fashion brands, has opened a 460,000-square-foot office building and warehouse on Totowa Road in Wayne, NJ. The building was constructed on a 31.8-acre property and has 224 parking spots for cars and 70 parking spaces for tractor-trailers. The company employs approximately 350 people.

The property, on the south side of Totowa Road, across from the historic Dey Mansion and Preakness Valley Golf Course, is owned by Peykar Family Properties.

125 Pompton Plains Crossroad. Newly constructed warehouse distribution facility with 69,999 sf on 6.39 acres. The building includes 12 loading docks; 1 drive-in door; 40' ceiling height and parking for 39 cars.

ALDI, ALDI supermarket has executed a lease at 625-709 Hamburg Turnpike in Wayne, occupying 42,816 square feet of the former Shop Rite supermarket space.

Sportime Clubs Pickleball Center, the largest Pickleball Center in NJ will be locating in Willowbrook Plaza. The 50,000 square foot arena will offer 20 courts, including a stadium-style court on the third floor of Willowbrook Plaza at 77 Willowbrook Blvd. It will be large enough to host national tournaments.

Driscoll Foods purchased the former Bayer Pharmaceutical property, completed a 562,000 square foot warehouse distribution center and created and retained approximately 350 jobs.

The **former Drake's Bakery** property has been purchased and redeveloped as a warehouse distribution facility.

Clifton Development Activity

Within the City of Clifton, **Prism Development** has purchased the former 116-acre Hoffmann La Roche site at which it has constructed into a new medical center and a residential/commercial development along Route 3 East. The former Roche site is now known as **ON3**.

In January 2016, the Seton Hall-Hackensack Meridian School of Medicine was announced as an anchor for the property, and it welcomed its first students in 2018. Others, like Ralph Lauren Corp., have also moved to the site.

Among new construction, **Quest Diagnostics** completed a 250,000-square-foot laboratory and parking garage on the western portion of what used to be the parking lot for Roche. Quest Diagnostics' new building will soon be operational as the company continues to move employees from its Teterboro location. The Clifton site will be the most highly automated laboratory in the company. Once fully operational, the clinical laboratory will employ more than 1,100, with more than 300 positions filled by new hires. By early summer 2021 the transition of employees is expected to be completed.

A medical arts building also will be built on the former parking lot. The 80,000 square foot building will house medical services provided by Hackensack Meridian Health. The medical arts building will include an urgent care center, a retail pharmacy, an imaging center, primary care and specialty care physician offices, an ambulatory surgery center and more.

The office building will share a 478-space parking garage. Also slated for the eastern corner of the property closest to Route 3 is a dual-brand hotel still to be identified.

Global pharmaceutical giant, **Eisai**, tapped SJP Project Solutions to lead a team in the build-out of its new U.S. headquarters at ON3. Eisai has relocated its U.S. headquarters from Woodcliff Lake to the entirety of 200 Metro Boulevard at ON3. Eisai signed a lease for 300,000 s/f at the campus. The company will be transferring up to 800 corporate staff and research and development functions.

Online grocery startup **Weee** has inked a massive lease for a cold storage facility in Clifton, New Jersey. Weee, a California-based company specializing in Asian food, is taking 220,000 square feet at 174 Delawanna Avenue, *according to the STRO Companies*, which controls the entity that owns the Clifton facility. The online grocer has been using a 50,000-square-foot Edison site for about a year. The expansion in Clifton was to accommodate the company's rapid growth.

Wellness and Surgery will be expanding to 1135 Broad Street, Clifton in a 2,000 square foot high-end medical suite.

A Brooklyn fruit-based beverage company has purchased a Clifton industrial building to boost its manufacturing capacity. **3V Co.** which produces and distributes beverages in the New York City metro area, bought the 45,670-square-foot building at 9 Bridewell Place. 3V, which is remaining headquartered in the New York borough, intends to grow both its administrative and manufacturing areas into northern New Jersey.

Shawnee Trucking Company has expanded its transportation and logistics hub in Clifton, New Jersey. Shawnee Trucking operates as a "one-stop," full-service transportation and logistics company that provides trucking and delivery services between Virginia and Maine. It also serves the remainder of the country through broker contracts and contractors.

Shawnee Trucking Company used funding from the NJEDA's Premier Lender Program to purchase a six-acre property in Clifton that will serve as its national headquarters. The property includes a 121,000-square-foot warehouse, 4,000 square feet of office space, and a two-acre parking lot.

The company employs more than 125 people in New Jersey and plans to hire additional workers in the next two years. The minority-owned business has a fleet of 180 trucks and trailers and more than 450 customers.

City of Paterson Development Activity

Hinchliffe Stadium in Paterson welcomed spectators starting in 1932 hosting an array of notable events throughout its history such as Negro Leagues baseball games while also serving as a primary venue for Paterson high school sports. The venue has been closed since 1997 but is now being redeveloped through a project run by BAW Development, whose founder, Baye Adofo-Wilson, estimates that the project cost will be \$102 million.

The 10,000-seat stadium, which is owned by the Paterson Board of Education, will split its use with 180 days a year allotted for use by the school district and another 180 days for use by the city. It will likely seat around 7,000 fans for baseball games.

Another feature of the venue will be a Negro Leagues museum overseen by Montclair State University funded by a \$5 million donation from Chuck Muth, a former Coca-Cola executive, Paterson native, and Montclair State alum.

The New Jersey Jackals, a minor league baseball team that plays in the independent Frontier League, announced a move from Yogi Berra Stadium on the Montclair State campus to Hinchliffe for the 2023 season. The Jackals agreed to a six-year lease at the remodeled ballpark.

GroMex, Paterson, NJ: A Mexican produce distributor currently based in Passaic will construct a 96,800 square foot warehouse and a 10,800 square foot distribution center for \$6 million on a 7-acre site at 18th Avenue and East 30th Street, Paterson.

Thor Equities: Former Continental Can Site, (297 Getty Avenue and Madison Avenue) Paterson, NJ will construct a \$35 million warehouse including 53 loading docks, and 300 parking spaces on the 17-acre site. Project will create 300-400 new employment opportunities.

The City of Paterson, home of the Great Falls, is the home of a successful \$200 million downtown development project **Center City Mall**. The Center City Partners has built a 320,000 square foot building including retail, office and parking uses, with the potential to expand development to 600,000 square feet.

Lowe's has constructed a 136,000 square foot building in Paterson along Route 20, and a Pep Boys and Micro Computer Store also occupy an additional 50,000 square feet in the complex.

A **Home Depot** opened a 117,953 square foot site located along Route 20 in Paterson between 4th and 5th Avenues.

MGP Manufacturing in Paterson moved its new MGP company into Paterson investing \$295,000 in their 12,400 square foot facility creating 31 new jobs.

Accurate Box Company completed phase II of their extensive renovation and expansion of their 365,000 square foot manufacturing plant, investing \$19,807,551 in new construction and the creation of 51 new jobs and the retention of 229 employees.

Riverside Village has completed its new construction along Route 20 in Paterson. Tenants include a McDonald's, a Spanish restaurant and a bank.

Kessler Properties has substantially renovated a 88,375 square foot property located at 431-455 Madison Avenue and has leased space to 6 new companies.

AM Realty Associates has completed construction on a 24,633 square foot retail strip mall on Chamberlain Avenue for a Valley National Bank and a Rite-Aid Drug Store.

St. Joseph's Health in Paterson has completed the \$250 million expansion of their new 173,798 square foot Critical Care Facility and building renovations, and has completed construction of a new medical arts building, and 1,122 car parking deck. A retail complex has been constructed totaling 20,000 square feet for a pharmacy and related retail stores.

A tower was built on the corner of Main and Levine Streets to house the New York Medical College Regional Branch Campus at St. Joseph's and physicians' office building. The seven-story, 105,000-square-foot building will provide space for expansion of the instructional programs for the medical school as well as the allied health professions programs of Touro College and University. In addition, the physician practices will have ideal proximity to St. Joseph's Regional Medical Center and St. Joseph's Children's Hospital.

The expansion of the hospital has encouraged many other developments in the area including a 46,928 square foot retail/apartment complex at Buffalo and Main Avenues; a 54,977 square foot office building on Main Street by Straight Street Properties; a 15,703 square foot Walgreen's Pharmacy opened on Main Street; and a 20,913 square foot medical arts building to be developed by Abby 2012, LLC.

The Barnert Medical Arts Complex has been redeveloped into a 200,000 square foot medical arts facility on Broadway in Paterson, with several of the medical offices purchasing their space as condominiums.

Little Falls Development Activity

Office Building development has continued in Little Falls with John Soldovari constructing a 30,000 square foot office building.

Direct Depot has completed construction on a 25,000 square foot New Jersey Kitchen and Bath Design Center. Within the Township of Little Falls, a new three-story mixed use commercial and retail facility will be constructed at 36 Main Street.

Woodland Park Development Activity

Amazon Warehouse: The STRO Cos. and Kushner Real Estate Group have finalized a lease with Amazon at a new industrial building in Woodland Park, where the e-commerce giant operates a 205,000-square-foot same-day delivery facility.

The structure at 1150 McBride Avenue has 36-foot clear ceiling heights, two drive-ins, 20 docks and 229 parking for employees and 37 trailers. The site is considered a last-mile facility, benefiting from its direct access to Route 46, Route 23 and Interstate 80. Amazon has invested more than \$23 billion in New Jersey since 2010.

Berkeley College expanded by 19,250 square feet.

1225 McBride Avenue Associates has restructured their 153,182 medical arts facility.

Amazon Fresh: Within Woodland Park, the world's largest retailer is moving into the former Fairway Markets store and will operate as Amazon Fresh at the 59,350 square foot site off of Route 46 West. The Woodland Park store will employ over 100 and will be among the first of Amazon's new line of supermarkets, which feature 21st-century innovations like Dash Carts, which do not require a visit to a cashier. Shoppers may bag as they go; the carts automatically scan items and charge customers for what is inside when they leave. Amazon will also offer same-day delivery - free for Prime members - and pickup, as well as the Dash Carts.

Summit Health just opened at 1225 McBride Avenue a \$20 million 50,000 square foot facility on McBride Avenue in Woodland Park. Summit will operate a new medical lab, capable of automating blood, body tissue and biopsy tests. The facility will operate 365 days a year around the clock and will service all CityMD urgent care centers and Summit Health primary care and multispecialty offices in the New York and New Jersey areas. Over 80 employees will be on-site working in three shifts.

Totowa Development Activity

Realterm, a Maryland-based investment firm has acquired a three-acre industrial outdoor storage facility in Totowa. The site at 20 Jackson Road houses a 6,960-square-foot warehouse, and the new ownership plans to upgrade this facility and its surrounding infrastructure.

HelloFresh SE opened a new 127,055-square-foot distribution center at 8 Vreeland Avenue, Totowa to support EveryPlate, its value meal kit brand.

This is the company's third distribution center in New Jersey across its HelloFresh, EveryPlate, and Green Chef banners, after locations in Newark and Swedesboro opened.

The Totowa facility brings 225 new jobs to the region in production, operations and management roles, with plans to expand production in the next year.

With the strategic expansion of operations just a stone's throw away from its Newark distribution center, HelloFresh is leveraging operational efficiencies and existing supplier relationships to quickly scale up production and better serve customers in the Northeast and Midwest.

Bimbo Bakeries has constructed a 55,456 square foot warehouse/distribution facility along Riverview Drive.

An **Aldi supermarket** opened in October 2020 along the Route 46 West corridor in Totowa.

In 2020, Aldi stores have opened locations in Ramsey, Morganville and Bergenfield. The Totowa store will be Aldi's 56th in the Garden State. It will occupy space vacated by the former Babies R Us in the Totowa Square shopping center.

The Totowa store is part of the company's \$5 billion expansion, which will remodel 1,300 existing stores and open hundreds of new ones, aiming to make it the country's third-largest supermarket chain by 2022.

Aldi streamlines its approach to staffing, creating cost-saving efficiencies that are passed on to the customers each store, including the one in Totowa, which employs 15 to 20 people.

Innovative Cosmetic Concepts acquired the 120,000 square foot industrial building at 922 Riverview Drive, Totowa, New Jersey.

The Totowa location will be the second site for Innovative Cosmetic, a growing manufacturer and distributor of high-quality cosmetic and personal-care products. Through its network of partners in North America, Europe, Asia and Latin America, the company markets and sells its products around the world. The Totowa warehouse will let Innovative Cosmetic expand its distribution and warehousing capabilities.

The building has over 78,000 square feet of ground-floor warehouse space, 17,000 square feet of office space and 24,000 square feet of temperature-controlled, vaulted warehouse space, making it one of the most flexible industrial properties in the local market. Additionally, the property features 20-to-25-foot ceiling heights, three tailgates with the option to expand to seven total and 120 surface parking spaces.

The warehouse is located less than 2 miles from major highways, the intersection of Route 23 and Route 46 and Interstate 80.

A new company has also purchased **200 Maltese Drive, Totowa, NJ** a 208,000-square-foot industrial building located less than a mile away. It was acquired by Blackstone Real Estate Income Trust for \$28.6 million from Precision Textiles.

SOFIE Inc., a Theranostics company, has constructed a new Radiopharmaceutical Contract Manufacturing Center of Excellence in Totowa, New Jersey.

The facility, located adjacent to an existing 10,000 square foot SOFIE diagnostic manufacturing site in Totowa, is approximately 20,000 square feet (including the mechanical mezzanine and finished rooftop spaces), approximately 2,700 square feet of is GMP manufacturing space. The GMP space will include four cleanrooms containing isolators and hoods suitable for aseptic manufacturing to support a variety of processes, isotopes, and production scales.

Another room currently designated for solution prep, sterility, and other support can readily be converted to a fifth cleanroom. The facility will be entirely self-sufficient, containing QC, R&D, and microbiology laboratories, as well as receiving, GMP storage, shipping, and other support areas. The facility is designed to be further expandable, doubling the current footprint of cleanrooms.

The two SOFIE Totowa sites total 30,000 square feet of premier radiopharmaceutical manufacturing space to support the needs of SOFIE's pharma partners. The new facility will be fully US and EU compliant to service pre-clinical, clinical, and commercial products. This facility is an integral part of SOFIE's strategic goal of becoming the leading contract development and manufacturing partner for radiopharmaceutical companies worldwide. It also represents a significant capital investment in the growth of the company.

Tesla, Tesla has leased 94,038 square feet in the former Bed Bath & Beyond and Buy, Buy Baby site at Totowa Commons. The space will be utilized for a showroom and service centers.

Lidl, the fast-expanding grocery chain will be moving into 27,270 square feet at Totowa Commons replacing the former Marshall's store.

City of Passaic Development Activity

The City of Passaic is also experiencing significant development interest through the activities of their Redevelopment Agency. The City of Passaic Redevelopment Agency has designated 4 redevelopment areas for a total of 125 acres and 2 scattered sites including 585 Main Avenue and 663 Main Avenue.

Stonemont Passaic Logistics - Center Stonemont Financial Group has acquired 20 acres in Passaic where it plans to build a 300,000 square foot new high-end industrial space just off Route 21. The privately held firm, which is based in Atlanta, said it expects to deliver the project at 122 8th St. in the second quarter of 2024. Plans for the speculative 295,506-square-foot will include 40-foot clear ceiling heights, rear-load configuration, 167 car parking spaces and 55 trailer parking stalls, with a location three miles from Route 3, seven miles from the New Jersey Turnpike and some 12 miles from New York City. Stonemont Passaic Logistics Center is a public-private partnership with the city of Passaic and continues its effort to meet the demand for modern, move-in ready industrial product across the Northeast.

Passaic County Community College has opened its 43,640 square foot nursing school in the City of Passaic. In addition, 585 Main LLC has completed construction on a 43,500 square foot residential and retail development. Patella Woodworking has relocated from Orangeburg, NY into a 79,784 square facility and has created approximately 90 new jobs. In addition, a new 3- story mixed-use commercial and residential development will be constructed at 883 Main Avenue, Passaic with 2,560 square feet of retail space.

A new **Wendy's** will be built on Main Avenue, replacing what is now an auto glass repair shop. The 0.55 acre site is just a block off the city's newly proposed Main Avenue Redevelopment Zone.

New Warehouse/Distribution Center has been built at the former Pantasote Property resulting in a 111,111 square foot warehouse distribution center located at **26 Jefferson Street**. The building has 27 loading docks; 40' ceilings; parking for 61 cars; 40 box trucks and 8 truck trailers. The 8-acre site is located below Route 21 on the city's Eastside.

IDI Logistics, an Atlanta-based developer that builds warehouses all over the country developed the site.

Haledon Development Activity

A new American Family Care will serve patients seven days a week in the Heart of Haledon.

American Family Care (AFC), the nation's leading provider of accessible primary care, urgent care, and occupational medicine, **continues its massive expansion with the opening of its latest AFC urgent care center in Haledon** — conveniently located to serve patients in Paterson, Wayne, as well as students attending William Paterson University.

AFC Haledon, a state-of-the-art healthcare facility, is located at 1 W. Haledon Avenue, at the former site of Big Jim's Pizza.

AFC Haledon will provide a comprehensive suite of medical services that will save families time and money, like COVID-19 PCR testing that provides results in just thirty minutes. The new center is staffed with skilled medical professionals who are deeply committed to providing outstanding medical care.

Wanaque Development Activity

Wanaque Warehouse/Distribution Center: Located at 30 Union Avenue, Haskell (Wanaque, NJ) will construct a 272,000 sq ft. warehouse, with 82 loading docks, 144 car parking spaces, and 34 trailer storage spaces.

Future Development Activity

Many projects have begun the process of seeking local and county permits for their development. The following list represents the largest proposed development projects across the County.

MUNICIPALITY	PROJECT NAME	ADDRESS	TYPE OF DEVELOPMENT	PROPOSED # UNITS	PROPOSED COMMERCIAL SF
Wayne	AvalonBay Wayne	1445 & 1455 Valley Road	multi-family development	473	0
Wayne	The Villas at Wayne Hills	1361 Alps Road	residential	449	0
Wayne	The Villas at Wayne Hills Subdivision	1361 Alps Road	residential	449	0
Clifton	Clifton Station Developers, LLC	691 Clifton Avenue (CR 618)	Multi-Family Residential	300	0
Little Falls	Park Lane Mixed-Use Development	333-415 Main Street	Mutli-family homes, townhomes	287	
Little Falls	Park Lane Subdivision	335-415 Main Street	Mutli-family homes, townhomes	287	
Wayne	Galreh LLC	1895 Route 23	Mixed Use	232	18460
Totowa	Sycamore Rehabilitation & Assisted Living	169 Minnisink Road	Assisted Living Facility	225	301700
Paterson	24+Half	33-37 Van Houten Street	mixed use	167	128900
Paterson	Proposed Multi-Family Building (Totowa Avenue)	506-522 Totowa Avenue	multi family residential	122	132330
Clifton	Meridia Regency on Valley Subdivision	1091-1175 Valley Road	restaurant/banquet hall	102	223608
Clifton	Meridia Regency on Valley	1091-1175 Valley Road	Existing, with hotel and parking garage	102	223608
Totowa	515 Union Center	515 Union Boulevard	Mixed Use	28	134417
Totowa	515 Union Center Subdivision	515 Union Boulevard	mixed use	28	134417
Clifton	Getty Avenue Warehouse	558-600 Getty Avenue	warehouse	0	186577
Passaic & Clifton	Proposed Industrial Renovations (153 Linden Street)	139, 153-215 Linden Street, 75-97, 99 Liberty Street	Industrial	0	237484
Wayne	Driscoll Foods Warehouse Proposed Accessory Structure	74 & 76 Demarest Drive	Warehouse/office	0	534224
Totowa	Proposed Self-Storage Facility	783 Riverview Drive	Self-Storage Facility	0	122676
Wayne	Semeraro Construction Company	352 Oldham Road	construction yard	0	312180
Clifton	Proposed Warehouse Building	790 Bloomfield Avenue	industrial/warehouse building	0	243103
Wayne	Levco Associates / Wayne Hills Mall	1020 Hamburg Turnpike (aka One Wayne Hills Mall)	Shopping center	0	391790
Wayne	Plaza Square Traffic Signal	625 Paterson-Hamburg Turnpike	Mixed Use Retail	0	105894

Wayne	Plaza Square Retail Improvements (Regency Centers)	625 Paterson-Hamburg Turnpike	retail	0	105052
Wayne	Fugo de Chao Churrascaria LLC	1400 Willowbrook Mall, Space 1575	restaurant	0	513168
Passaic	Proposed Warehouse	74 -120 & 122-152 8th Street	warehouse	0	295728
Clifton	Stew Leonard's	467 Allwood Road	Supermarket in Shopping Center	0	
Wayne	Proposed Tesla Center	469 Route 46 West	Car Dealership	0	57145
Wanaque	Wanaque Depo Urban Renewal LLC	30 Union Avenue (CR 511)	industrial warehouse	0	272000
Totowa	Prop. Medical Office Building (NJDC Urban Renewal)	169 Minnisink Road	Medical Office Building	0	125000
Passaic	Superfresh Supermarket	514 Van Houten Avenue	retail/commercial w/ supermarket addition	0	43087
Totowa	Proposed Data Center	169 Minnisink Road	Data Center	0	293715
Totowa	Proposed Data Center Subdivision	169 Minnisink Road	Subdivision	0	133220
Wanaque	Wanaque Depo Urban Renewal LLC Subdivision	30 Union Avenue (CR 511)	Industrial Warehouse	0	272000
Clifton	ON3 Major Subdivision	Ideation Way	ON3	0	1501677
Wayne	Prop. BJ's Wholesale Club & Gas Station	50 Route 46	Shopping Center and Gas Station	0	286495
Paterson	297 Getty Avenue Redevelopment	297 Getty Avenue	warehouse	0	3658000
Woodland Park	80/46 Logistics Center	1150 McBride Avenue (CR 639)	Industrial	0	205350
Passaic	Atlantic Coast Fiber Recycling Center	1 Lodi Street	recycling center	0	118328
Wayne	Forsgate W-45	30 Corporate Drive	Warehouse/industrial	0	143452
Totowa	Prop. Parking Lot Improvements (rev. by Morris County)	930 Riverview Drive	Office park (expanded parking facilities)	0	145038
Clifton	Popeye's Clifton	16 Main Avenue	Restaurant inside existing commercial space	0	136775
Clifton	Samworth Road Warehouse Expansion	43 Samworth Road	Warehouse	0	102271
Totowa	Digital Totowa	701-705 Union Boulevard	Data center	0	430577
Clifton	Summit Medical Group	1255 Broad Street	Medical office	0	89247
Clifton	Clifton Ambulatory Care Center	Metro Boulevard & NJSH Route 3	medical offices and garage	0	260665
Clifton	Garden State Honda	584 Route 3	Automobile Dealership	0	87328
Woodland Park	Prop. Amazon Fresh Supermarket	1510 Route 46	New grocery store (in shopping center)	0	
Pompton Lakes	Pompton Lakes Towne Square - Site Improvements	1-55 Wanaque Avenue	Existing plus grocery store, self-storage facility, and standalone 3,000 s.f. retail building	0	194979

Wayne	Lincoln of Wayne	1910 Route 23 North	Auto Dealership (small addition and canopies)	0	208608
Wayne	Proposed Retail Center (March Realty)	910 Paterson-Hamburg Turnpike	Retail center	0	52880
Paterson	Romnics Realty Development	318 McLean Boulevard	Convenience store, gas station, self-storage	0	186851
Wayne	Demarest Properties	70 Demarest Drive	Industrial	0	142000
Wayne	Mane USA	60 Demarest Drive	Industrial	0	102856
Clifton	Quest Diagnostics	1153 Bloomfield Avenue	Clinical Laboratory	0	250000

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Urban Enterprise Zones (UEZ)

The cities of **Paterson and Passaic** are designated as Urban Enterprise Zones (UEZ) by the State of New Jersey, providing significant financial incentives to companies locating or expanding in those cities. Incentives include:

Employee Tax Credits: A one-time tax credit of \$1,500 per new employee to qualifying firms subject to the Corporation Business Tax.

Sales and Use Tax: Exemptions from State sales taxes on the purchase of taxable tangible personal property and taxable services; on the sale of materials, supplies or services to a contractor, sub-contractor or repair person erecting buildings on or making improvements to the real property of a qualified business. Beginning January 1, 2022, only the first \$100,000 of taxable purchases in a calendar year are exempt from Sales and Use Tax. Once a qualified business reaches their annual \$100,000 exempt purchase limitation, they must cease using their UZ-5 and pay Sales Tax on any subsequent business purchases for the remainder of the calendar year. If a qualified business is over its annual exempt purchase limitation and a supplier does not charge the required Sales Tax on a taxable transaction, [Use Tax](#) must be remitted for that purchase. Supermarkets and grocery stores located in a [food desert community](#) such as Paterson and Passaic are designated by the [NJ Economic Development Authority](#) are not subject to the annual \$100,000 exempt purchase limitation.

Reduced Sales Taxes: Retail sales of tangible personal property within the zone are reduced by up to 50% of the current rate, effectively reducing the sales tax rate to 3.3125% in Paterson and Passaic.

Unemployment Insurance Awards: Based on the amount of unemployment insurance paid by a firm within the zone for new employees. Awards can range from 50% of an employers' unemployment insurance payment for the first four years to 10% in Year 20.

Portions of the Cities of Paterson, Passaic, and Clifton have been designated as **Opportunity Zones** and the entire Borough of Prospect Park has been designated as an Opportunity Zone.

Areas designated as Opportunity Zones attract private investment and future development opportunities. Qualified Opportunity Zones were created by the 2017 Tax Cuts and Jobs Act. These zones are designed to spur economic development and job creation in distressed communities throughout the country and U.S. possessions by providing tax benefits to investors who invest eligible capital into these communities. Taxpayers may defer tax on eligible capital gains by making an appropriate investment in a Qualified Opportunity Fund and meeting other requirements.

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GOVERNMENTAL SERVICES

Roads and Transportation

The following major highways serve the County:

Garden State Parkway	U.S. Route 46
Federal Interstate Route No. 80	New Jersey Highway Route No. 21
Federal Interstate Route No. 287	New Jersey Highway Route No. 23
New Jersey Highway Route No. 208	New Jersey Highway Route No. 3
New Jersey Highway Route No. 19	New Jersey Highway Route No.20

Within minutes of the County border are the New Jersey Turnpike, New York State Thruway and New Jersey Highway Routes No. 17 and 4.

There are approximately 236 miles of County roads crisscrossing the County.

Construction work to close a 2.1-mile gap on Route 21 was completed in 2000 linking the cities of Paterson and Passaic. This final segment provided a nine-mile freeway linking I-80 with I-280 and I-78 in Newark, and improving access to the regional highway network in lower Passaic County.

A recently completed improvement to the I-80/Route 23/Route 46 interchange has expanded capacity for the heavy traffic movement between Route 46 westbound and Route 23 northbound, greatly alleviating this chronic congestion spot. This improvement also vastly improves accessibility to a more redevelopment area immediately to the north.

The recently completed West Beltway provides a new alternate roadway link between Riverview Drive and Route 23, allowing motorists the ability to bypass the Route 46/Riverview Drive Interchange.

Projects currently being designed include improvements to the roadways, ramps & bridge decks, as well as modernization of signs and lighting at the interchange of I-80, Route 23 and Route 46; and improvements to the Route 46 interchanges at Browertown Road, Union Boulevard and Van Houten Avenue have been completed.

The Secaucus Rail Transfer Station was completed, providing direct accessibility to and from Passaic County and the five existing Main Line stations, permitting commuters on North Jersey rail lines to easily transfer to trains traveling directly to midtown Manhattan, New York and other destinations. In addition, the Paterson Rail Station and the Montclair Rail Connection Project were completed, linking the Boonton Line with the Morris and Essex Lines Montclair Branch, and extending electrification on this reconfigured line to the Great Notch Station in Little Falls. These improvements have vastly improved service to New York and provide a new connection to Newark.

Major improvements currently under construction include the Route 3/Route 46 interchange. Other proposals include establishing a public/private partnership to create a Bergen-Passaic Cross County Light Rail transit Service and restoring commuter service on the NYS&W Railroad Line north of Hawthorne.

Freight service is provided by the Norfolk Southern Railroad, and the New York Susquehanna and Western Railroad on the Boonton and Main lines. Rail passenger service is provided by New Jersey Transit.

All the major airports, Newark International, Kennedy, LaGuardia, and Teterboro as well as New York and New Jersey ports are highly accessible to Passaic County.

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THE PASSAIC COUNTY UTILITIES AUTHORITY

General

The Passaic County Utilities Authority (the "Authority") is a public body corporate and politic constituting a political subdivision of the State established as an instrumentality exercising public and essential governmental functions to provide for the public health and welfare of the citizens of the County. The County created the Authority pursuant to the Municipal and County Utilities Authority Law (N.J.S.A. 40:14B-1 et seq.; the "Act") as a county utilities authority via resolution of the Commissioners of the County adopted on March 18, 1987.

The Authority has perpetual succession and has the requisite power to acquire, construct, maintain and operate facilities for the collection, treatment, recycling and disposal of solid waste in an environmentally sound manner. The Authority has, among others, the following powers under the Act: to sue and be sued; to enter into leases and contracts; to acquire property by any lawful means, including the exercise of the power of eminent domain; to hold, operate and administer its property; to issue its negotiable bonds and to secure their payment and the rights of holders thereof under a resolution; to charge and collect service charges for the use of its facilities and to revise such service charges when necessary or desirable, such that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses including reserves, insurance, extensions and replacements; to pay punctually the principal or accreted amounts of and interest on any bonds and maintain reserves and sinking funds therefor as may be required by the terms of any contracts with bondholders; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority is governed by a nine-member board, each of whom is appointed by the Commissioners of the County. Successor members each shall serve a term of five years. The Authority selects officers annually. Upon the expiration of a member's term, such member continues his service until a successor has been appointed and qualified. The names of the members of the Authority, and their respective terms of office, are as follows:

<u>Member and Office</u>	<u>Membership Term Expires</u>	<u>Officer Term Expires</u>
Gary Marchese - Chairman	2/01/29	2/01/25
Haresh Shah, Vice Chairman	2/01/29	2/01/25
Teofilo Javier - Secretary	2/01/27	2/01/25
Maria DeLuca Pranzo	2/01/29	
Mohammad Qudah – Alternate*	2/01/26	
Louis E. Imhof, III	2/01/28	
Marc E. Seemon	2/01/28	

*Serving until a successor is appointed.

The Authority maintains offices at 401 Grand Street, Room 123, Paterson, New Jersey 07505.

Debt of the Authority

As of December 31, 2023, the Authority had issued and outstanding the principal amount of \$37,305,000 of solid waste indebtedness that has been issued from time to time for the purpose of financing the costs relating to its Solid Waste System. The May 1, 1997 opinion and order of the Third Circuit Court of Appeals in Atlantic Coast Demolition and Recycling Co., Inc. v. Board of Chosen Freeholders of Atlantic County, 112 F. 3rd 652 (1997), ultimately resulted in the demise of the County system of regulatory waste flow controls. The Authority subsequently ceased to operate the solid waste system. As a result, all constituent municipalities within the County have independently procured solid waste collection and disposal services.

Solid Waste Indebtedness Currently Secured by the County Landfill Agreement

The Authority has outstanding debt at December 31, 2023 of the below listed series of bonds that are secured by the County Landfill Agreement (the "Secured Bonds").

- \$33,015,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012 (the "2012 Refunding Bonds") outstanding in the amount of \$19,845,000 consisting of \$13,135,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012A and \$6,710,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012B (Federally Taxable).

- \$14,930,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds, Refunding Series 2018 outstanding in the amount of \$12,150,000.

- \$8,270,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds, Refunding Series 2014B - Taxable outstanding in the amount of \$5,310,000.

Local Authorities Fiscal Control Law

The Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.) became effective on November 24, 1983. This law provides for "State review of project financings of local authorities and for State supervision over the financial operations of local authorities".

The Local Finance Board prescribes the procedures for adoption and execution of annual budgets by local authorities, and Local Finance Board approval must be obtained prior to a budget's adoption. Such budget shall also comply with the terms and provisions of any bond resolutions. On granting approval of a budget, the reasonableness and accuracy of revenue estimates shall be considered. Such revenue must be sufficient to meet all expenses, including debt service. An annual audit of each local authority shall be made and completed within four months of the close of a fiscal year by a registered municipal accountant or certified public accountant licensed in the State.

Each local authority financing program must be submitted to the Local Finance Board for a hearing and review prior to implementation. Such review generally focuses on the nature, purpose and scope of the financing, engineering or feasibility studies, terms and provisions of service contracts, bond resolutions and proposed terms and conditions of negotiated sales, and proposed or maximum debt service and operational funding requirements. Bond anticipation notes or project notes may be issued and renewed by local authorities pursuant to the provisions of the Local Authorities Fiscal Control Law.

A local authority may not be created unless the Local Finance Board so approves and a local authority may not be dissolved without providing for payment of all outstanding obligations and without approval by the Local Finance Board.

County Landfill Agreement

The County and the Authority have entered into an agreement dated as of September 1, 1987 entitled the "1987 County Landfill Agreement", as amended and restated as of May 1, 1996 (the "1996 Amended and Restated County Landfill Agreement"), as further amended as of June 1, 1999 (the "1999 County Landfill Agreement Amendment") and as further amended as of February 15, 2004 (the "2004 County Landfill Agreement Amendment" and collectively referred to as the "County Landfill Agreement"). Pursuant to the County Landfill Agreement, the County has agreed to pay to the Authority, within the Agreement Cap (as hereinafter defined), such sums of money as may be required to provide for monetary deficits of the Authority relating to: (a) the debt service on the Authority's bonds, (b) maintaining reserve requirements under the Landfill Bond Resolution, and (c) paying the Authority's administrative expenses pertaining to the Project (as defined in the County Landfill Agreement).

The County and the Authority have determined that the County Landfill Agreement is in the best interest of the County taxpayers, residents and ratepayers to assure the payment of debt service on the Secured Bonds (as defined in the County Landfill Agreement).

The following is a summary of certain provisions of the County Landfill Agreement that relate to the Secured Bonds and is not a complete restatement of the County Landfill Agreement as it currently exists. Such information is qualified in its entirety by reference to the County Landfill Agreement, as amended, copies of which are on file with the Authority and the Trustee and which should be read in full for a complete understanding of all terms and provisions thereof.

County Financial Assistance

The County entered into the County Landfill Agreement in order to provide financial assistance to the Authority. Such assistance will be rendered upon the Authority's inability to pay debt service on the Secured Bonds, in amounts designed to assure the Authority will have sufficient moneys to, among other things, meet its obligations to pay the principal of and interest on the Secured Bonds.

2004 Amendment to the County Landfill Agreement

Pursuant to the 1996 Amended and Restated County Landfill Agreement, the initial maximum aggregate principal amount of Secured Bonds may not exceed \$61,000,000 (the "Initial Agreement Cap"). In connection with the issuance of the Tax-Exempt 2004A Bonds and the Taxable 2004B Bonds, the County adopted a resolution on February 10, 2004, entitled, "Resolution of the County of Passaic Authorizing the 2004 Amendment to the 1987 Amended and Restated County Landfill Agreement By and Between the County of Passaic, New Jersey and the Passaic County Utilities Authority" authorizing the "2004 Amendment to the Amended and Restated 1987 County Landfill Agreement Between the County of Passaic and the Passaic County Utilities Authority" (the "2004 Amendment"), in order to ensure said bonds would be Secured Bonds pursuant to the requirements of the County Landfill Agreement. The 2004 Amendment, in part, increased the Initial Agreement Cap to \$69,500,000 (the "2004 Agreement Cap"). Under the 2004 Agreement Cap, the Secured Bonds are fully secured by the County Landfill Agreement.

Method of Payment

The County Landfill Agreement provides that if the Authority has insufficient funds to meet its financial obligations during the next year, the Authority will make and deliver to the County a certificate (the "Certificate") stating: (a) the Authority will be unable to provide for the payments due of principal and interest on the Secured Bonds; and (b) the amount of the Authority's expected shortfall (the "Annual Charges"). The Certificate must be delivered by the Authority or the Trustee to the County on or before December 15 of each fiscal year. The County shall pay the amount of annual charges set forth in such Certificate on or before the subsequent February 15.

The County will make all budgetary and other provisions or appropriations necessary to provide for and authorize the payment by the County to the Authority of the amount stated in the Certificate delivered by the Authority as described above.

Breach of County Landfill Agreement by Authority Not to Affect County Payments Thereunder

The County Landfill Agreement provides that failure on the part of the Authority in any instance or under any circumstance to observe or fully perform any obligation assumed by or imposed on it by the County Landfill Agreement or by law, shall not relieve the County from making any payment or fully performing any other obligation required of it under the County Landfill Agreement, nor make the Authority liable in damages to the County, but the County may have and pursue any and all other remedies provided by law for compelling performance by the Authority of said obligation assumed by or imposed upon the Authority.

No Delegation

The County may not delegate its duties under the County Landfill Agreement.

Enforcement of County's Obligation to Pay Annual Charges

Every obligation assumed by or imposed upon the County by the County Landfill Agreement shall be enforceable by the Authority by appropriate action or proceeding, and the Authority may have and pursue any and all remedies provided by law for the enforcement of such obligation, including the remedies and processes provided by the Act.

County's Unconditional and Unqualified Obligation to Pay Annual Charges

Pursuant to the County Landfill Agreement, the County's obligation to pay the deficiency in the debt service on the Secured Bonds as and when due to the Authority is an unconditional and unqualified obligation of the County, independent of any other obligation of the County.

Property Tax Act

The legislature of the State of New Jersey has enacted P.L. 2010, c.44, effective July 13, 2010 (the "Property Tax Levy Cap"), which imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection districts, with certain exceptions and subject to a number of adjustments. One of the exceptions to the Property Tax Levy Cap's 2% limitation is the "increases required to be raised for capital expenditures, including debt service." There is no specific reference within the enumerated exceptions to payments made by a municipality or county pursuant to a service agreement with an authority used to pay debt service on authority obligations secured by such service agreement. Consequently, there is no specific exception from the 2% cap for Annual Charges payable by a local unit under the service contracts pursuant to the Property Tax Levy Cap.

However, the LFB issued Local Finance Notice 2011-36, dated December 12, 2011, which provides that amounts, if any, required to be paid by the County to the Authority pursuant to service contracts, such as the County Landfill Agreement, and necessary for the Authority to meet its debt service obligations in a timely fashion will be treated as an automatic exclusion from the 2% cap under the Property Tax Levy Cap. Consequently, the Annual Charges payable by the County under the County Landfill Agreement for debt service on the Secured Bonds, will be considered exempt from the limitations of the 2% cap imposed by the Property Tax Levy Cap.

Additional Bonds or Project Notes

The Landfill Resolution does authorize the issuance of Additional Bonds entitled to the security of the Landfill Resolution which would rank equally as to security and payment with the Secured Bonds, for the purposes and upon satisfaction of the conditions precedent to the issuance of such bonds as set forth in the Landfill Resolution.

The Authority currently does not intend to issue additional bonds or additional project notes under the Landfill Resolution.

PASSAIC COUNTY IMPROVEMENT AUTHORITY

The Passaic County Improvement Authority (PCIA) was formed in December 2002 by virtue of an approval from the Local Finance Board. The Authority is made up of five Commissioners with staggered terms of up to three years. Sixteen projects have been financed by the PCIA. The first was a co-venture with the Paterson Parking Authority which the PCIA issued \$18,370,000 of its revenue bonds (of which \$8,000,000 was the County's Chapter 12 Bonds) to construct a parking garage in the City of Paterson secured by a lease agreement with the Paterson Parking Authority and by revenue to be generated by the new parking facility, which closed on June 1, 2005. The second project was the construction of an addition to Preakness Healthcare Facility, to renovate the existing facility and the PCIA issued \$65,000,000 of Healthcare Facility Lease Revenue Bonds secured by a general obligation lease with the County of Passaic. These financings closed in May and June, 2005, respectively. A third project was to acquire a building for the Passaic County Prosecutor. The PCIA issued \$6,000,000 of revenue bonds on December 9, 2005. A fourth project was a supplemental issue of \$22,960,000 to construct an addition to the Preakness Healthcare Facility, which closed on July 28, 2006. A fifth project was to make loans to the Boroughs of Haledon and Ringwood to refinance certain of the outstanding bond anticipation notes of each Borough and the PCIA issued \$8,587,000 of County Guaranteed Governmental Loan Revenue Bonds in January 2009 to effectuate same. A sixth project was to make a loan to 200 Hospital Plaza Corporation for the construction of a mixed-use parking/retail structure adjacent to the St. Joseph's Regional Medical Center in Paterson and the PCIA issued \$29,620,000 County Guaranteed Parking Revenue Bonds (200 Hospital Plaza Corporation Project), Series 2010 on October 22, 2010 to effectuate same. A seventh project was a refunding of the 2005 Preakness Healthcare Facility Lease Revenue Bonds where the Authority issued \$57,425,000 Lease Revenue Refunding Bonds, Series 2012 to advance refund all bonds maturing after May 1, 2015, which closed on August 29, 2012. An eighth project was a refunding of the (a) 2005 Prosecutor's Office Building Improvements Project Lease Revenue Bonds where the Authority issued \$3,510,000 Lease Revenue Refunding Bonds, Series 2015 to advance refund all bonds maturing on and after December 15, 2016 and the (b) 2006 Preakness Healthcare Center Expansion Project Lease Revenue Bonds where the Authority issued \$19,550,000 Lease Revenue Refunding Bonds, Series 2015 to advance refund all bonds maturing on and after May 1, 2017, which closed on June 16, 2015. A ninth project was to make a loan to the City of Paterson for the refunding of certain short term notes and the PCIA issued \$24,785,000 County Guaranteed Governmental Loan Revenue Bonds, Series 2015 on December 2, 2015. A tenth project was to make a loan to the City of Paterson for the issuance of short term notes and the PCIA issued \$14,340,000 Governmental Loan Revenue Bond Anticipation Notes, Series 2016 on June 29, 2016. An eleventh project was to make a loan to the City of Paterson for the issuance of short term notes and the PCIA issued \$9,058,340 Governmental Loan Revenue Bond Anticipation Notes, Series 2017 on February 16, 2017. A twelfth project was to make a loan to the City of Paterson for the refunding of certain short term notes and the financing of capital projects and workers' compensation and litigation settlements and the PCIA issued \$33,835,000 Governmental Loan Revenue Bonds, Series 2017 on June 20, 2017. A thirteenth project was to refund the County Guaranteed Parking Revenue Bonds (200 Hospital Plaza Corporation Project), Series 2010 through the issuance by the PCIA of \$24,650,000 of County Guaranteed Parking Revenue Refunding Bonds (200 Hospital Plaza Corporation Project), Series 2017 on December 29, 2017. A fourteenth project was the construction of a new County DPW Building and the PCIA issued \$14,530,000 of County General Obligation Lease Revenue Bonds (DPW Building Project), Series 2018 on July 18, 2018 secured by a general obligation lease with the County of Passaic. A fifteenth project was to make a loan to the City of Paterson for the issuance of short term notes and the PCIA issued \$15,605,000 Governmental Loan Revenue Bond Anticipation Notes, Series 2018 (Passaic County Guaranteed) (City of Paterson Project) on September 27, 2018. A sixteenth project was to make a loan to the City of Paterson for the issuance of short term notes and the PCIA issued \$23,265,000 Governmental Loan Revenue Bond Anticipation Notes, Series 2019 (Passaic County Guaranteed) (City of Paterson Project) on August 13, 2019. A seventeenth project was to refund The New Jersey Educational Facilities Authority Revenue Bonds, Passaic County Community College Issue, Series 2010 C through the issuance by the PCIA of \$11,475,000 of County Guaranteed Lease Revenue Refunding Bonds (Passaic County Community College Project), Series 2020 on July 1, 2020. An eighteenth project was to make a loan to the City of Paterson Board of Education for the financing of various energy savings improvements to the Board's facilities and the PCIA issued \$17,010,000 Governmental

Loan Revenue Bonds, Series 2020 (Passaic County Guaranteed) (City of Paterson Board of Education Project) (Green Bonds) on July 15, 2020. A nineteenth project was to make a loan to the City of Paterson for the refunding of short term notes and the funding of various capital projects and the PCIA issued \$30,125,000 Governmental Loan Revenue Bonds, Series 2020 (Passaic County Guaranteed) (City of Paterson Project) on August 24, 2020. A twentieth project was to make a loan to the City of Paterson Board of Education to acquire certain real property located at 11-27 Sixteenth Avenue in Paterson, New Jersey, together with the existing school building, The Alexander Hamilton School, located thereon. The PCIA issued \$8,215,000 Guaranteed Revenue Bonds, Series 2022 (Passaic County Guaranteed). A twenty first project is to construct a Senior Housing Project in Pompton Lakes. The PCIA will issue up to \$20,000,000 of County of Passaic Guaranteed Revenue Bonds, Series 2024. This transaction is currently in process. The Twenty Second project is to make a loan to the Borough of North Haledon to acquire a property and renovate the existing building on the property in order to retrofit municipal offices and police headquarters. The PCIA will issue not to exceed \$20,000,000 in County Guaranteed Lease Revenue Bonds for this project, which is in process.

COUNTY AND OVERLAPPING INDEBTEDNESS

Overlapping Government Units

In addition to the various municipalities and school districts within the County, the following exist within the County to provide certain governmental services: Butler-Bloomingdale Sewer Department, City of Passaic Municipal Utilities Authority, City of Paterson Municipal Utilities Authority, City of Paterson Parking Authority, Pompton Lakes Municipal Utilities Authority, Borough of Ringwood Sewerage Authority, Wanaque Municipal Utilities Authority, West Milford Municipal Utilities Authority, North Jersey District Water Supply Commission, Passaic Valley Sewerage Commission, Passaic Valley Water Commission, Passaic County Improvement Authority and the Passaic County Utilities Authority. No actual or contingent liability exists on the part of the County for the debt of these entities except as is expressly set forth herein or with respect to the Passaic County Utilities Authority. In addition, the County has guaranteed debt issued by the Passaic County Improvement Authority for other entities in the amount of \$133,622,178 as of December 31, 2023. This amount is includable in gross debt and excludable in calculating net debt.

Purposes of County Debt

The following table breaks down by purpose all direct general obligation bond and loan indebtedness of the County, for the payment of the principal and interest on which the County has pledged its full faith and credit as of December 31, 2023.

**Schedule of Bond, Notes and Loan Indebtedness
as of December 31, 2023**

Notes	\$ -
General County Purposes	170,774,000
Community College	34,582,000
Vocational and Special Needs School	<u>41,254,000</u>
Gross Bond and Loan Debt	<u>\$246,610,000</u>

Debt Incurring Capacity as of December 31, 2023

Equalized Valuation Basis (last 3 years average)	\$63,630,544,543
2% Borrowing Margin (1)	1,272,610,891
Net Debt Issued, Outstanding and Authorized	<u>276,193,699</u>
Remaining Borrowing Capacity	<u>\$996,417,192</u>

(1) Limited by Local Bond Law, N.J.S.A. 40A:2-1 et seq. to 2% of average equalized valuation.

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Debt History

The following table shows certain ratios relating to the County's gross and net direct general obligation indebtedness.

**History of Bonded Debt Ratios
As of December 31,**

<u>Year</u>	<u>Average Equalized Valuation(1)</u>	<u>Gross Debt (Issued and Authorized But Not Issued)</u>	<u>Gross Debt Per Capita(2)</u>	<u>Percentage of Gross Debt to Equalized Valuation</u>	<u>Net Debt</u>	<u>Net Debt Per Capita(2)</u>	<u>Percentage of Net Debt to Equalized Valuation</u>
2023	\$63,630,544,543	\$317,319,546	\$605.44	.499%	\$276,193,699	\$526.97	.434%
2022	57,761,088,703	329,654,995	628.97	.571	287,453,895	548.45	.498
2021	53,999,645,394	350,723,847	669.17	.649	304,916,104	581.77	.56
2020	51,788,842,593	346,618,004	661.34	.67	302,489,282	577.14	.58
2019	50,007,069,648	377,840,314	753.83	.76	326,206,257	650.82	.65

Source: Annual Debt Statements filed with the Division of Local Government Services, New Jersey Department of Community Affairs.

- (1) Represents average equalized valuation for the three fiscal years ending in the corresponding year set forth in this table.
- (2) Based upon 2010 population of 501,226 for 2019 and the 2020 Census of 524,118 for 2020-2023.

The following table shows the principal of all direct general obligation bond indebtedness and bond anticipation note indebtedness of the County for the last five fiscal years.

**County of Passaic
Schedule of Comparative Net Debt
as of December 31**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Bonds and Notes Issued and Outstanding:					
Bonds	\$246,610,000	\$272,541,000	\$297,966,000	\$277,404,000	\$271,942,000
Notes			14,480,000	44,980,000	44,980,000
Loans				<u>48,809</u>	<u>96,655</u>
Total Issued	<u>246,610,000</u>	<u>272,541,000</u>	<u>312,446,000</u>	<u>295,932,809</u>	<u>317,018,655</u>
Bonds and Notes Authorized But Not Issued	<u>70,709,546</u>	<u>57,113,995</u>	<u>38,277,847</u>	<u>50,685,195</u>	<u>60,821,659</u>
	317,319,546	329,654,995	350,723,847	346,618,004	377,840,314
Less: Statutory Deductions	<u>41,125,847</u>	<u>42,201,100</u>	<u>45,807,743</u>	<u>44,128,722</u>	<u>51,634,057</u>
Total Issued and Authorized But Not Issued	<u>\$276,193,699</u>	<u>\$287,453,895</u>	<u>\$304,916,104</u>	<u>\$302,489,282</u>	<u>\$326,206,257</u>

Source: Passaic County Audit Reports

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**Statement of Indebtedness
As of December 31, 2023**

GROSS DEBT

Bonds, Notes and Other Loans Issued and Outstanding	
Bonds	\$246,610,000
Loans	
Notes	<u>-</u>

Bonds and Notes Authorized But Not Issued	<u>246,610,000</u>
TOTAL GROSS DEBT	<u>70,709,546</u>
Statutory Deductions(1)	<u>41,125,847</u>

TOTAL NET DEBT \$276,193,699

OVERLAPPING DEBT

Passaic County Utilities Authority(2) \$37,305,000

GROSS DEBT

Per Capita (2020 Census – 524,118) \$605.44
Percent of Average Equalized Valuation (\$63,630,544,543) .499%

NET DEBT

Per Capita (2020 Census – 524,118) \$526.97
Percent of Average Equalized Valuation (\$63,630,544,543) .434%

OVERALL DEBT (GROSS AND OVERLAPPING)

Per Capita (2020 Census – 524,118) \$676.61
Percent of Average Equalized Valuation (\$63,630,544,543) .557%

Source: County Records

- (1) Statutory deductions are used to determine the legal borrowing capacity of the County. The County, however, is obligated under law to repay the full amount of its gross debt.
- (2) Reflects debt outstanding of the Passaic County Utilities Authority as of December 31, 2023 which is covered by a County Deficiency Agreement.

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**County of Passaic
 Combined Principal and Interest Requirements
 Outstanding Bonds of the County
 As of December 31, 2023**

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$38,279,765.50	\$31,052,000.00	\$7,227,765.50
2025	34,800,435.80	28,596,000.00	6,204,435.80
2026	34,657,623.70	29,454,000.00	5,203,623.70
2027	29,842,984.60	25,547,000.00	4,295,984.60
2028	28,042,067.50	24,605,000.00	3,437,067.50
2029	21,019,430.00	18,270,000.00	2,749,430.00
2030	18,987,530.00	16,805,000.00	2,182,530.00
2031	19,027,411.25	17,325,000.00	1,702,411.25
2032	14,604,705.00	13,365,000.00	1,239,705.00
2033	14,011,975.00	13,106,000.00	905,975.00
2034	11,311,550.00	10,720,000.00	591,550.00
2035	10,449,950.00	10,010,000.00	439,950.00
2036	5,572,650.00	5,370,000.00	202,650.00
2037	<u>2,456,550.00</u>	<u>2,385,000.00</u>	<u>71,550.00</u>
	<u>\$283,064,628.35</u>	<u>\$246,610,000.00</u>	<u>\$36,454,628.35</u>

Source: Passaic County Audit Reports

Anticipated Financings Involving County Credit

The County has in the past obligated itself to pay the principal and interest on certain debt issued by certain entities of the County. See “The Passaic County Utilities Authority” and “Passaic County Improvement Authority” above.

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THE COUNTY BUDGET

Status of County Budget

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.), every county in the State is required to adopt a balanced budget. See "Budget Requirements" and "Budget Process" herein. The County's budget for 2024 was adopted on March 26, 2024.

Budget Requirements

No County budget may be adopted without the approval of the Director. The Director approves the budget once he has determined that the budget meets all the requirements of the Local Budget Law (N.J.S.A. 40A:4-1 et seq.), and all regulations of the Board.

The Local Budget Law imposes various restrictions on the formulation of the County budget, the more important of which pertain to anticipation of revenues and review of adequacy of appropriations. Among other restrictions, the Local Budget Law requires that the budget be balanced and that the Director examine the Budget with reference to all estimates of revenue and the following appropriations: (a) administration, operation and maintenance of each office, department, institution or other agency of the County, (b) contingent expenses in an amount not more than 3% of the total referred to in clause (a) of this paragraph, (c) payment of interest and debt redemption charges, (d) deferred charges and statutory expenditures, (e) cash deficit of preceding year, (f) reserve for uncollected taxes and other reserves and nondisbursement items deemed advisable by the Commissioners, and (g) the payment of all judgments not for capital purposes and for which bonds or notes cannot be lawfully issued. Anticipated tax revenues are limited to the same proportions as actual cash collections bore to the total levy in the previous year and a reserve amount must be factored into the budget to make up for the expected shortfall in amounts actually realized the previous year unless the Director certifies a higher figure.

A further statute limits the amount of increases in the State budget exclusive of State aid which may be appropriated to counties, municipalities and school districts. The maximum expenditure of the State cannot exceed the amount determined by multiplying the annual percentage increase in State per capita personal income by the appropriations of the State in the year prior to the current fiscal year. Adjustments are made should a transfer of functions or services occur between the State and counties or municipalities. Statewide referenda are required to authorize additional expenditures.

Anticipated non-tax revenues of the County are limited to the amount actually realized the previous year unless the Director authorizes a higher figure. Tax anticipation notes are limited in amount by law and must be paid off not later than June 30 of the succeeding fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions which focus on anticipated revenues serve to protect the solvency of the County. The County budget, by law and regulation of the Division, must be in balance and is a "cash basis" budget.

Pursuant to the Local Budget Law, miscellaneous revenues shall include such amounts as may reasonably be expected to be realized in cash during the fiscal year from known and regular sources or sources reasonably capable of anticipation and lawfully applicable to the appropriations made in the budget. The County's miscellaneous revenues generally consist of surplus, operating surplus from prior years, County purpose tax, State and Federal aid, interest on investments, user fees, license fees and permits.

Budget Process

Primary responsibility for the County's budget process lies with the Administrator. As prescribed by the Local Budget Law, adoption should occur by the end of February, however, an extension may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the County operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's modified budget. Upon adoption of an annual operating budget by the Commissioners, the Board of Taxation computes a tax rate for County purposes and apportions County Purpose Tax requirements to be paid by each municipality. The tax rate for each municipality includes County tax requirements.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the County budget and determination of the tax rate may be authorized by the Commissioners with the approval of the Director. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

Budget Transfers

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

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

A verified statement of the financial condition of the County (the "Annual Financial Statement") for the fiscal year must be filed with the Division on or before January 26, of the succeeding year. This financial statement is filed by the Chief Financial Officer of the County; it reflects the results of operations for the year of the Current Fund. If there is a cash deficit in the fund, it must be included in full in the succeeding year's budget.

While the Annual Financial Statement is not audited, the variance, if any, between the Annual Financial Statement fund balance and audited fund balance is usually immaterial.

Annual Audit

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey Statutes, regulates the nonbudgetary financial activities of the County. An annual audit of the County's books, accounts and financial transactions for the previous year must be performed by a licensed Registered Municipal Accountant or by qualified employees of the Bureau of Financial Regulations and Assistance in the State Department of Treasury. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of the County's financial procedures and must be filed with the Director of the Division within six months after the close of each fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days after receipt thereof by the Clerk of the County.

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**Comparative Summary of Adopted 2024, 2023, 2022, 2021 and 2020
County of Passaic County Budgets**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues:					
Surplus Anticipated	\$23,000,000	\$23,000,000	\$19,000,000	\$19,000,000	\$19,000,000
State and Federal Grant Programs	13,704,002	8,464,498	9,945,118	10,752,314	7,122,278
State Assumption of Costs of County	1,540,812	1,614,596	1,582,711	1,554,800	1,400,487
Miscellaneous Revenues	95,618,006	88,305,394	84,945,818	56,244,041	59,709,041
Interest on Investments	5,000,000	2,638,000	1,200,000	1,400,000	2,000,000
Amount to be Raised by Taxation - County Purpose Tax	<u>354,410,095</u>	<u>347,570,634</u>	<u>347,570,634</u>	<u>347,570,634</u>	<u>347,570,634</u>
	<u>\$493,272,915</u>	<u>\$471,593,122</u>	<u>\$464,244,281</u>	<u>\$436,521,789</u>	<u>\$436,802,440</u>
Appropriations:					
General Government	\$126,788,900	\$121,232,651	\$116,983,576	\$116,197,250	\$125,001,350
Regulation	54,435,912	52,227,418	36,498,779	36,080,200	31,698,829
Roads and Bridges	7,662,032	6,636,771	6,307,100	5,737,100	4,513,840
Correctional and Penal	14,480,072	26,262,741	42,246,452	43,408,000	46,764,726
Health and Welfare	70,868,431	70,180,829	71,326,359	71,253,170	70,631,317
Educational	25,793,329	25,560,487	25,037,306	24,505,094	22,987,355
Recreational	8,472,296	8,284,138	7,687,320	7,478,875	6,880,761
Unclassified	35,941,256	36,139,095	35,412,822	11,132,300	10,512,661
Other Public and Private Programs	16,331,315	10,941,812	12,422,431	13,229,627	9,765,891
Contingent	50,000	50,000	50,000	50,000	50,000
Capital Improvement Fund	22,075,000	2,765,000	2,707,000	3,000,000	3,500,000
Debt Service	50,350,000	50,933,995	54,435,000	52,458,550	54,634,550
Deferred Charges and Statutory Expenditures	<u>60,024,372</u>	<u>60,378,185</u>	<u>53,130,136</u>	<u>51,991,623</u>	<u>49,861,160</u>
	<u>\$493,272,915</u>	<u>\$471,593,122</u>	<u>\$464,244,281</u>	<u>\$436,521,789</u>	<u>\$436,802,440</u>

Capital Improvement Program

The capital budget and improvement program of the County is designed to function as a planning tool for legislators, County officials and administrators. It allows County officials to evaluate alternatives and determine priorities for projects and programs in relation to available and projected financial resources. A carefully organized program and project schedule can avoid costly improper decisions or ill-timed action in a project involving the allocation of scarce capital resources.

A capital budget is the first proposal of the financial allocation described in the six year capital improvement program. The main purpose of the capital budget is to initiate planning for ultimate authorization of capital projects for the first year of the six year plan/program. The Capital Budget (2024) and Capital Program (2024-2029) do not represent actual authorization of projects, but rather conceptual recognition of the needs of specific capital improvements.

With restrictions on current spending and new financial resources becoming limited, it is imperative that capital planning and budgeting become more responsive to public needs, both present and long range. In addition to the cost of the selection process, the impact of each project on future operating budgets must be considered. In prioritizing capital projects, a major element for recommendation of investment is the degree to which a facility will either generate revenues or significantly reduce costs.

The following schedule depicts the County Capital Plan for 2024-2029. This plan does not provide an appropriation for the purposes outlined, nor does it commit the Commissioners to the project or amounts listed. The Commissioners will make determinations, on a priority basis, as each program is proposed, as to the need for and method of financing.

**Six Year Capital Program (2024-2029)
Anticipated Project Schedule and Funding Requirements**

<u>Project</u>	<u>Total Cost</u>
Bridge Replacement and Repairs	\$18,900,000
Drainage Projects	2,000,000
Road Improvement Projects	17,400,000
General Parks/Recreation	13,045,000
Facility Improvements	16,325,000
Acquisition of Equipment	4,400,000
County College Improvements	26,543,813
Technology Upgrades	2,500,000
Other Projects	2,350,000
Senior Housing Project	6,000,000
Historic Site Improvements	<u>14,000,000</u>
	<u>\$123,463,813</u>

<u>Year</u>	<u>Amount</u>
2024	\$40,088,803
2025	16,975,000
2026	14,675,000
2027	15,775,000
2028	17,675,000
2029	<u>18,275,000</u>
	<u>\$123,463,813</u>

Source: 2022 Capital Budget of the County

TAX INFORMATION ON THE COUNTY

County Tax Rates

County taxes are apportioned based on equalized valuations in the County. The following table sets forth the valuations on which County taxes are apportioned.

**Valuation of Real Property, Personal Property
Net Valuation Taxable and County Tax Rate Base**

<u>Year</u>	<u>Assessed Valuation of Real Property</u>	<u>Assessed Valuation of Personal Property</u>	<u>Net Valuation Taxable</u>	<u>County Tax Rate Base</u>	
				<u>Equalized Valuation of Real and Personal Property</u>	<u>General Tax Rate Per \$100</u>
2023	\$37,228,490,343	\$32,804,218	\$37,261,294,561	\$63,801,178,837	\$.5465
2022	37,135,178,704	34,669,125	37,169,847,829	57,311,045,503	.6179
2021	37,081,816,001	35,637,263	37,117,453,264	53,704,732,231	.6508
2020	37,276,806,400	35,883,801	37,312,690,201	52,529,894,433	.6663
2019	35,655,322,800	39,903,963	35,695,226,763	50,520,359,011	.6928

Source: Passaic County Board of Taxation, Abstract of Ratables.

Equalized Valuation of Property of Constituent Municipalities

<u>Municipality</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2023 General Rate(1)</u>
Bloomingtondale	\$1,059,548,393	\$977,795,930	\$857,488,695	\$857,169,213	\$834,954,585	4.502%
Clifton	12,893,199,807	11,512,232,791	10,764,538,147	10,593,357,174	10,110,595,494	5.794
Haledon	847,023,028	739,428,218	667,476,100	627,758,009	592,972,127	5.193
Hawthorne	3,072,572,072	2,869,786,299	2,692,394,219	2,630,281,450	2,610,503,015	3.000
Little Falls	1,967,903,162	1,799,127,024	1,736,515,988	1,671,623,518	1,655,423,783	3.282
North Haledon	1,534,673,115	1,454,192,188	1,409,458,855	1,400,795,085	1,376,047,491	2.959
Passaic	5,094,172,293	4,402,600,740	4,203,451,714	4,032,338,424	3,852,023,124	4.004
Paterson	10,311,751,861	9,082,951,991	8,169,509,330	7,545,111,767	7,599,909,715	4.903
Pompton Lakes	1,542,431,640	1,371,497,733	1,277,996,679	1,271,506,047	1,214,545,374	3.835
Prospect Park	447,392,620	409,279,961	374,775,882	342,060,497	320,825,501	5.522
Ringwood	2,013,846,862	1,825,825,981	1,751,182,769	1,755,687,257	1,707,595,885	4.025
Totowa	3,523,193,338	2,876,818,592	2,377,904,633	2,471,715,884	2,174,893,916	2.593
Wanaque	1,631,934,874	1,495,536,595	1,399,061,212	1,360,590,718	1,318,773,459	4.227
Wayne	11,804,353,673	10,997,194,267	10,976,230,638	10,941,976,086	10,316,180,734	5.718
West Milford	3,847,902,737	3,447,279,420	3,151,575,843	3,142,778,245	3,026,786,605	3.951
Woodland Park	<u>2,209,279,362</u>	<u>2,049,497,773</u>	<u>1,895,162,527</u>	<u>1,885,145,059</u>	<u>1,808,328,203</u>	3.283
	<u>\$63,801,178,837</u>	<u>\$57,311,045,503</u>	<u>\$53,704,723,231</u>	<u>\$52,529,894,433</u>	<u>\$50,520,359,011</u>	
County Rate Per \$100	\$.5465	\$.6179	\$.6508	\$.6663	\$.6928	

Source: Passaic County Board of Taxation, Abstract of Ratables

(1) Includes Municipal, School and County Tax Rates - Per \$100

Ten Largest Assessed Valuations in the County - 2023

<u>Name</u>	<u>Assessed Valuation</u>	<u>Percent of Tax Base</u>
Willow Brook Mall	\$187,500,000	.005
St. Joseph's Hospital & Medical Center	158,954,400	.004
West Belt Fee Owners	81,600,000	.002
Inwood Owners, Inc.	61,650,000	.002
Rose Manor Estates	58,294,100	.002
Totowa VF LLC, c/o Vornado Rlty Trust	54,000,000	.002
Theta Holdings Co., LLP	50,055,000	.001
North Jersey District Water Supply	49,045,900	.001
201 Main Ave LLC	48,000,000	.001
Fidelity Syn.	46,000,000	.001

Source: Passaic County Board of Taxation

Ten Largest Employers in the County - 2023

<u>Employer</u>	<u>Number of Employees</u>
St. Joseph's Hospital	3,700
Passaic County Administration	2,500
International Specialty Products	2,200
City of Paterson	1,600
U.S. Postal Service	1,500
BAE Systems	1,400
St. Mary's General Hospital	1,220
William Paterson University	1,000
Communication Worker's of America	700
Giant Tire Service	600

Source: Passaic County Economic Development Department

Tax Collection Record

The following table is the current real property tax collection record of the County for the years 2019 through 2023:

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2023	\$347,570,634	\$347,570,634	100%
2022	347,570,634	347,570,634	100
2021	347,570,634	347,570,634	100
2020	347,570,634	347,570,634	100
2019	347,570,634	347,570,634	100

Source: County Records

County Taxes

County taxes are collected by the municipalities and paid to the County Treasurer. The municipal levy includes all county, school and municipal taxes.

Each municipality is required to pay to the County Treasurer its share of the County Purpose tax on the fifteenth day of February, May, August and November of each year. The County gets its share of the taxes collected from the first taxes collected by each municipality. This assures the County of 100% collection.

Tax Appeals

The Passaic County Board of Taxation (the "Taxation Board") processes all appeals of county tax assessments. The appeal process is described below:

The taxpayer remits the full payment (including any disputed amount) to the municipal tax collector. The municipality then remits the amount of county tax assessed against the municipality to the County Treasurer.

The taxpayer files an appeal with the Taxation Board, which conducts a hearing. If the appeal is granted, the municipality remits payments to the taxpayer. The county tax assessed to the municipality for the succeeding year is then reduced by the total amount of appeals granted. Therefore, the County does not remit payment to the taxpayer or the municipality for appeals granted.

If the Taxation Board does not grant the appeal or if the taxpayer is not satisfied with the amount granted, the taxpayer has a right to a hearing before the New Jersey Tax Court.

APPENDIX B

**EXCERPTS FROM FINANCIAL STATEMENTS OF THE
COUNTY OF PASSAIC, NEW JERSEY**



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR’S REPORT

The Honorable Board of County Commissioners
County of Passaic
Paterson, New Jersey

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the County of Passaic in the State of New Jersey, as of December 31, 2023 and 2022, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues -regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the accompanying financial statements referred to above do not present fairly the financial position of each fund of the County of Passaic as of December 31, 2023 and 2022, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) and Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Passaic, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.



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

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2023 and 2022, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Passaic's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements. We did not audit the financial statements of the Community Development Grant Fund as of December 31, 2023 and 2022 which represents 2.7 percent and 3.6 percent, respectively, of the assets of the Trust Fund for the years then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Community Development Grant Fund, is based solely upon the reports of the other auditors.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Passaic's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional and are not a required part of the basic financial statements.



The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2024 on our consideration of the County of Passaic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Passaic's internal control over financial reporting and compliance.

Steven D. Wielkocz

Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. 413

Wielkocz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

August 1, 2024



COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 38,829,461	32,114,265
Investments	A-4	143,038,587	153,132,248
Change Fund	A-5	<u>675</u>	<u>675</u>
		<u>181,868,723</u>	<u>185,247,188</u>
Receivables and Other Assets with Full Reserves:			
Revenue Accounts Receivable	A-7	<u>529,648</u>	<u>1,275,508</u>
		<u>529,648</u>	<u>1,275,508</u>
		<u>182,398,371</u>	<u>186,522,696</u>
Federal and State Grant Fund:			
Grants Receivable	A-15	121,436,414	146,740,121
Due from Current Fund	A-18	<u>30,732,177</u>	<u>38,902,375</u>
		<u>152,168,591</u>	<u>185,642,496</u>
Total Assets		<u>\$ 334,566,962</u>	<u>372,165,192</u>

COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-9	\$ 24,735,317	19,425,050
Accounts Payable	A-10	872,637	2,803,367
Encumbrances Payable	A-11	14,353,199	16,604,013
Prepaid Revenues	A-12	25,517	29,722
Interfunds Accounts Payable	A-8	30,732,176	38,902,375
Due to Private Industry Council			
Miscellaneous Reserves	A-13	<u>5,421,004</u>	<u>9,207,635</u>
		<u>76,139,850</u>	<u>86,972,162</u>
Reserve for Receivables	Contra	529,648	1,275,508
Fund Balance	A-1	<u>105,728,873</u>	<u>98,275,026</u>
		<u>182,398,371</u>	<u>186,522,696</u>
Federal and State Grant Fund:			
Commitments Payable	A-14	25,858,434	34,775,225
Grants Payable due to State of N.J.	A-19	419,743	
Reserve for State and Federal Grants - Appropriated	A-17	95,860,618	96,984,671
Reserve for State and Federal Grants - Unappropriated	A-18	<u>30,029,796</u>	<u>53,882,600</u>
		<u>152,168,591</u>	<u>185,642,496</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 334,566,962</u>	<u>372,165,192</u>

See accompanying notes to financial statements.

COUNTY OF PASSAIC

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

Current Fund

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues and Other Income:		
Fund Balance Utilized	\$ 23,000,000	19,000,000
Miscellaneous Revenue Anticipated	159,975,658	169,906,461
Receipts from Current Taxes	347,570,634	347,570,636
Non-Budget Revenue	2,407,644	1,979,657
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	8,678,133	9,569,359
Adjustment of Accounts Payable		2,029
Cancellation of Accounts Payable	246,090	
Cancellation of Appropriated Grants	4,991,373	83,656
	<u>546,869,532</u>	<u>548,111,798</u>
Total Revenues and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	140,243,960	144,466,140
Other Expenses	258,819,060	263,819,181
Capital Improvements	2,197,224	2,647,480
Debt Service	49,009,387	54,007,926
Deferred Charges and Statutory Expenditures	60,378,185	53,130,136
Grant Receivables Canceled	4,982,597	83,656
Refunds and Adjustments	785,272	1,496,285
	<u>516,415,685</u>	<u>519,650,804</u>
Total Expenditures		
Statutory Excess to Surplus	30,453,847	28,460,994
Fund Balance, January 1,	<u>98,275,026</u>	<u>88,814,032</u>
	128,728,873	117,275,026
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>23,000,000</u>	<u>19,000,000</u>
Fund Balance, December 31,	<u>\$ 105,728,873</u>	<u>98,275,026</u>

See accompanying notes to the financial statements.

COUNTY OF PASSAIC
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 23,000,000	23,000,000	
Miscellaneous Revenues:			
County Clerk	1,200,000	1,515,468	315,468
Clerk - Registry Division	4,000,000	3,680,811	(319,189)
Surrogate	300,000	333,993	33,993
Sheriff	1,000,000	1,441,329	441,329
Interest on Investments and Deposits	2,638,000	10,312,466	7,674,466
Road Opening Permits	550,000	521,895	(28,105)
Rental Income	300,000	335,097	35,097
State Aid - County College Bonds (N.J.S.A. 18A:64-22.6)	1,687,000	1,994,601	307,601
Supplemental Social Security Income	1,614,596	1,327,645	(286,951)
Weatherization Assistance Program (WAP) Bipartisan Infrastructure Law (BIL) Grant 2023	588,554	588,554	
LIHEAP Weatherization 2023	246,000	246,000	
LIHEAP Assistance 2023	850,823	850,823	
Heating Improvement (HIP) 2023	306,889	306,889	
Weatherization DOE 22/23	489,015	489,015	
Lead Remediation and Abatement Program (LRAP) 2023	1,500,000	1,500,000	
Preakness Gero-Psych Program 2022	9,641	9,641	
Preakness Gero-Psych Program 2023	357,491	357,491	
WIOA Adult 23/24	2,110,003	2,110,003	
WIOA Youth 23/24	2,272,924	2,272,924	
WIOA Dislocated Worker 23/24	1,345,415	1,345,415	
Workforce Learning Link Program 22/23	142,500	142,500	
Workforce Learning Link Program 23/24	237,500	237,500	
Work First NJ - TANF 23/24	1,277,000	1,277,000	
Work First NJ - GA/SNAP 23/24	1,002,000	1,002,000	
WIOA Data Reporting & Analysis 23/24	12,971	12,971	
County-Based Innovation Grant 2023	167,627	167,627	
County-Based Innovation Grant 2024	167,627	167,627	
Comprehensive Alcoholism & Drug Abuse Grant 2023	989,219	989,219	
Municipal Alliance Program 2023	242,095	242,095	
DMHAS Youth Leadership Grant 2023	68,880	68,880	
Law Enforcement Officers Training and Equipment Fund (LEOTEF) 2023	22,276	22,276	
Community Services Block Grant (PHLP) FY23	832,014	832,014	
Community Services Block Grant (PHLP) FY24	541,976	541,976	
County Environmental Health Act (CEHA) 2023	178,276	178,276	
COVID-19 Vaccination Supplemental Grant	90,000	90,000	
Enhancing Local Public Health Infrastructure 22/24	1,494,380	1,494,380	
County Health Infrastructure Program 2024	1,146,138	1,146,138	
County Right to Know Program 2024	15,213	15,213	
Childhood Lead Exposure Program 2024	625,000	625,000	
Overdose Fatality Review Teams 2024	75,000	75,000	
Strengthening Local Public Health Capacity Program 2024	89,365	89,365	
Clean Communities Entitlement 2023	97,231	97,231	

COUNTY OF PASSAIC

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Recycling Enhancement Act Entitlement 2021	623,700	623,700	
Radon Awareness Program 2022	2,000	2,000	
Food Security Planning Grant Program 2023	125,000	125,000	
Passaic County Film Festival 2023	3,325	3,325	
Passaic County Arts Center - Arts Programming 2023	10,300	10,300	
General Operating Support: Dey Mansion Washington's Headquarters 2023	40,000	40,000	
Passaic County Parks Commission Archives Project 2023	17,000	17,000	
Destination Marketing Organization 2023	213,000	213,000	
Lambert Tower Site Improvement Projects 2022	750,000	750,000	
Local Recreation Improvement Grant (LRIG) 2023	70,000	70,000	
PSE&G Electric Vehicle Charging Program 2022	7,500	7,500	
PSE&G Electric Vehicle Charging Program 2023	75,000	75,000	
NJ Equipment Modernization Program (NJEMP) 2023	93,690	93,690	
Aging Area Nutrition FY 2023	2,359,156	2,359,156	
Area Plan on Aging - Title III 2023	2,325,679	2,325,679	
Assistance Program (Casino Revenue Fund) 2023	1,329,259	1,329,259	
Senior Farmers Market Nutrition Program 2023	9,677	9,677	
State Health Insurance Program 2023	37,000	37,000	
2019 FTA Section 5310	125,000	125,000	
State/Community Partnership 2023	955,682	955,682	
Social Services for the Homeless 2024	1,025,000	1,025,000	
Planning & Information Service, Human Services Advisory Co.	172,064	172,064	
Child Behavioral Health Services 2023	52,397	52,397	
Transportation and TIP 2024	404,914	404,914	
National Prescription Opiate Litigation	735,105	735,105	
Bipartisan Safer Communities Act Disaster Response Crisis Counseling County Grant 2023	30,000	30,000	
C.S.B.G. Non-Discretionary 2022	2,398	2,398	
C.S.B.G. Non-Discretionary 2023	205,946	205,946	
C.S.B.G. Non-Discretionary 2024	312,460	312,460	
Social Services for the Homeless (Intensive Case Management) 2024	195,000	195,000	
Personal Assistance Services Program 2024	39,060	39,060	
Family Court Services 2023	278,149	278,149	
NJ Promise 2.0 Youth and Family Voice 2023	5,000	5,000	
Subregional Studies Program - Passaic County Strategic Infrastructure Investment 2023	300,000	300,000	
Subregional Transportation Planning Program 2023	132,048	132,048	
Subregional Transportation Planning - Supplemental Support 2023	15,000	15,000	
Community Development Block Grant 2023	965,848	965,848	
Emergency Management Agency Assistance 2023	55,000	55,000	
Hazard Mitigation Plan 2023	200,000	200,000	
UASI - Local Share 2023	259,000	259,000	
Sexual Assault Response Team/Forensic Nurse Examiner Program 2023	179,716	179,716	
Sexual Assault Response Team/Forensic Nurse Examiner Program 2024	174,643	174,643	
Victim Witness Advocacy (VOCA) 2023	538,409	538,409	
Insurance Fraud Reimbursement Program 2023	250,000	250,000	
Body Armor Replacement Fund P.C.P.O. 2023	4,368	4,368	

COUNTY OF PASSAIC

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
1610-133 Child - State Aid Grants 2023	200,000	200,000	
Justice Assistance Grant - Multi Narcotics Task Force	192,147	192,147	
Justice Assistance Grant - Multi Narcotics Task Force	118,133	118,133	
Opt for Help and Hope Grant Program 2023	333,333	333,333	
Operation Helping Hand 2023	105,263	105,263	
2023 Homeland Security (SHSP-Local Share)	284,040	284,040	
State Body Armor Replacement Fund Program - P.C.S.D. 2023	26,821	26,821	
Public Safety Answering Point (PSAP) Upgrades and Consolidation FY23	351,608	351,608	
CDC Detection and Mitigation of COVID-19 in Confinement Facilities 2021	34,857	34,857	
HUD Housing First NJ0329	264,524	264,524	
Emergency Rental Assistance - 2	95,674	95,674	
Data-Driven Decision Making – Organizational Enhancement 2023	20,000	20,000	
Passaic County Tenant Based Housing First NJ0364 2023	1,159,235	1,159,235	
HUD Housing First NJ0365-208	65,749	65,749	
Continuum of Care Program - Planning Grant 2023	139,205	139,205	
Passaic County Sponsor Based Housing First NJ0242	652,102	652,102	
Code Blue Support Funding FY24	145,000	145,000	
Local Assistance and Tribal Consistency Fund 2023	100,000	100,000	
County Aid - Road Resurfacing 2023	7,488,692	7,488,692	
2023 Local Bridge Fund Program Grant	2,940,658	2,940,658	
Added and Omitted Taxes	600,000	1,464,360	864,360
Board of Inmates at County - State		173,494	173,494
Intoxicated Driver Resource Center	123,075	207,545	84,470
Title IV D Parent Locator Program	800,000	999,191	199,191
Rental Revenue - Quarry	1,021,000	1,021,000	
Fringe Benefits	11,000,000	11,891,334	891,334
Indirect Costs - Grants	1,600,000	1,713,122	113,122
Preakness Hospital - Medicaid Reimbursements	29,000,000	34,957,959	5,957,959
American Rescue Plan - Lost Revenue	23,501,855	23,501,855	
Maintenance in Lieu of Rent - Martin Luther King - Social Services	100,000	198,256	98,256
State School Building Aid (Chapter 12)	1,500,000	1,776,091	276,091
Park Fees	3,000,000	3,441,908	441,908
Site Plan Fees	75,000	113,862	38,862
Radio Tower Rental	50,000	126,963	76,963
Due from Open Space Trust Fund - Lambert Castle Project	500,000	500,000	
Due from Open Space Trust Fund - Court House Renovation	450,000	450,000	
Due from Open Space Trust Fund - Springbrook Acres	250,000	250,000	
Reserve for Payment of Bonds	1,750,000	1,750,000	
City of Passaic - Information Technology	12,625	12,625	
Wanaque Board of Education - Information Technology	6,000	6,000	
Borough of Woodland Park - Public Health Services	73,500	36,435	(37,065)
Borough of Woodland Park - Information Technology	7,340	5,990	(1,350)
Borough of Haledon - Health Services	67,500	68,978	1,478
Borough of Wanaque - Public Health Services	68,500	118,358	49,858
City of Clifton - Hamilton House Operation	45,000	45,000	
Borough of Pompton Lakes - Information Technology	6,000	6,000	
Township of West Milford - Public Health Services	119,500	122,649	3,149

COUNTY OF PASSAIC
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Passaic County One Stop - Storage Rental	1,200	1,500	300
Township of Wayne - Management of Historic Sites	52,000	52,000	
County Hospital PILOT Program	1,882,450	1,882,453	3
Prospect Park - Health Services	18,000	18,000	
County Clerk P.L. 2001 C370	107,435	107,435	
Register P.L. 2001 C370	1,167,907	1,167,907	
Surrogate P.L. 2001 C370	110,000	110,000	
Sheriff P.L. 2001 C370	202,506	202,506	
	<hr/>	<hr/>	<hr/>
Total Miscellaneous Revenues	142,569,566	159,975,658	17,406,092
	<hr/>	<hr/>	<hr/>
Amount to be Raised by Taxation - County Purpose Tax	347,570,634	347,570,634	
	<hr/>	<hr/>	<hr/>
Total Budget Revenues	\$ 513,140,200	530,546,292	17,406,092
	<hr/>	<hr/>	<hr/>
Nonbudget Revenue		2,407,644	
		<hr/>	
		\$ 532,953,936	
		<hr/>	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS:					
Administration Executive					
Board of County Commissioners					
Salaries and Wages	410,000	410,000	386,371	23,629	
Other Expenses	75,000	75,000	50,370	24,630	
Contribution to Public Access Libraries	100,000	100,000	100,000		
County Administrator					
Salaries and Wages	530,000	570,000	561,657	8,343	
Other Expenses	460,000	460,000	420,085	39,915	
Finance Section					
Finance Department					
Salaries and Wages	1,507,000	1,407,000	1,376,858	30,142	
Other Expenses	383,430	408,430	385,581	22,849	
Audit	119,850	119,850	119,850		
Payroll Processing-Other Expenses	255,000	255,000	205,899	49,101	
Legal Department					
County Counsel					
Salaries and Wages	1,095,500	1,065,500	1,032,021	33,479	
Other Expenses	77,000	77,000	33,038	43,962	
Other Expenses Ethics	5,000	5,000	434	4,566	
County Adjuster					
Salaries and Wages	220,623	256,623	254,050	2,573	
Other Expenses	247,240	247,240	145,474	101,766	
Clerk of the Board					
Salaries and Wages	452,198	452,198	439,002	13,196	
Other Expenses	31,000	31,000	25,378	5,622	
Postage	180,000	180,000	140,111	39,889	
Personnel					
Salaries and Wages	813,639	583,639	553,506	30,133	
Other Expenses	233,030	233,030	149,689	83,341	
State and National Association of County Officials					
Other Expenses	15,536	15,536	15,535	1	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
County Clerk					
Salaries and Wages	864,114	864,114	845,412	18,702	
Other Expenses	20,000	20,000	10,241	9,759	
Elections - County Clerk					
Other Expenses	970,000	970,000	958,529	11,471	
County Register					
Salaries and Wages	1,412,214	1,412,214	1,248,837	163,377	
Other Expense	174,500	174,500	157,713	16,787	
Prosecutor's Office					
Salaries and Wages	18,312,416	17,254,416	16,492,285	762,131	
Other Expenses	906,191	906,191	868,823	37,368	
Countywide Police Radio					
Other Expenses	100,000	100,000	97,523	2,477	
Purchasing Department					
Salaries and Wages	672,000	682,000	679,811	2,189	
Other Expenses	45,000	45,000	44,804	196	
MIS Department (Finance Department)					
Other Expenses	1,931,127	1,931,127	1,896,949	34,178	
Building and Grounds					
Salaries and Wages	6,158,776	6,128,776	5,854,149	274,627	
Other Expenses	3,797,034	3,797,034	3,166,369	630,665	
Other Expenses - Welfare Board	453,000	453,000	414,974	38,026	
Other Expenses - Preakness Health Center	223,500	223,500	198,486	25,014	
Surrogate					
Salaries and Wages	1,254,972	1,254,972	1,115,977	138,995	
Other Expenses	81,761	81,761	70,679	11,082	
Insurances: Group Hospitalization, Medical					
Surgical, Major Medical for Employees	52,000,000	52,000,000	51,938,113	61,887	
Group Life Insurance for Employees	40,000	40,000	12,000	28,000	
Surety Bond Premium	5,000	5,000	3,180	1,820	
Worker's Compensation/Liability Trust	3,500,000	3,500,000	3,500,000		
Other Insurance	700,000	700,000	700,000		
Liability Insurance	4,500,000	4,500,000	4,500,000		
Drug Plan	15,000,000	15,000,000	14,398,294	601,706	
Dental Plan	900,000	900,000	544,907	355,093	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
REGULATION					
Sheriff's Office					
Salaries and Wages - Courthouse Security	17,547,795	13,547,795	13,244,773	303,022	
Salaries and Wages - Patrol	24,629,824	28,129,824	27,513,480	616,344	
Other Expenses - Courthouse Security	438,533	438,533	290,617	147,916	
Other Expenses - Patrol	2,101,753	2,101,753	2,016,505	85,248	
Weights and Measures					
Salaries and Wages	186,450	186,450	180,848	5,602	
Other Expenses	9,000	9,000	8,638	362	
Board of Taxation					
Salaries and Wages	402,200	404,200	403,962	238	
Office Expenses	15,900	15,900	14,337	1,563	
Medical Examiner					
State of New Jersey - Shared Service	1,900,000	1,900,000	1,850,000	50,000	
Indigent Burials	50,000	150,000	50,000	100,000	
Board of Elections					
Salaries and Wages	1,377,495	1,527,495	1,462,449	65,046	
Other Expenses	343,005	343,005	234,903	108,102	
Superintendent of Elections					
Salaries and Wages	1,886,000	1,886,000	1,886,000		
Other Expenses	639,500	639,500	602,825	36,675	
County Emergency Management					
Salaries and Wages	131,533	131,533	126,078	5,455	
Other Expenses	30,000	30,000	26,137	3,863	
Planning and Economic Development					
Salaries and Wages	480,425	480,425	470,310	10,115	
Other Expenses	54,805	54,805	53,900	905	
Construction Board of Appeals					
Contract Services	3,200	3,200	-	3,200	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
CORRECTIONAL & PENAL					
Jail and Workhouse					
Salaries and Wages - Jail	21,211,356	21,211,356	16,191,291	5,020,065	
Other Expenses - Jail	1,732,531	1,732,531	1,256,028	476,503	
Other Expenses - Jail - Medical	3,231,402	3,231,402	1,283,807	1,945,595	
Salaries and Wages - Re-Entry Program	37,452	37,452		37,452	
Other Expenses - Re-Entry Program	50,000	50,000		50,000	
PUBLIC WORKS					
Roads and Bridges					
Salaries and Wages	3,500,000	3,525,000	3,503,317	19,683	
Other Expenses	1,900,000	1,889,600	1,491,501	398,099	
Engineering					
Salaries and Wages	1,218,671	1,168,671	1,121,724	46,947	
Other Expenses	18,100	18,100	17,543	557	
HEALTH & HUMAN SERVICES					
Human Services Advisory Council Community Grants	245,247	245,247	181,920	63,327	
Intoxicated Drivers Resource Center					
Salaries and Wages	58,600	58,600	41,571	17,029	
Other Expenses	26,104	26,104	23,737	2,367	
Human Services Department					
Salaries and Wages	743,012	743,012	702,266	40,746	
Mental Health Program					
Contractual	862,300	862,300	850,919	11,381	
Alcohol and Drug Addiction Program Contractual					
Salaries and Wages	26,408	26,408	25,998	410	
Other Expenses	169,651	169,651	163,878	5,773	
Maintenance of Patients in State Institutions					
Services for Special Needs Populations	5,500,000	7,500,000	4,927,455	2,572,545	
Welfare Board					
Administration - Other Expenses	11,783,720	11,783,720	11,783,720		
Administration - Fringe Benefits	5,700,000	5,700,000	5,700,000		
Supplemental Security Income	1,614,596	1,614,596	1,510,000	104,596	
Aid to Dependent Children (NJS 44:10-1st Seq) AFDC	532,243	532,243	532,243		

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Department of Youth Services					
Other Expenses	18,500	18,500	15,942	2,558	
Other Expenses - Shelter Beds	265,000	265,000	265,000		
Other Expenses - Shared Services Essex County	2,210,000	2,210,000	1,764,000	446,000	
Other Expenses - Education	560,720	560,720	560,720		
Other Expenses - Medical	625,180	625,180	625,180		
Preakness Hospital					
Salaries and Wages	29,321,000	25,821,000	25,384,592	436,408	
Other Expenses	8,200,000	11,450,000	10,546,863	903,137	
Division of Senior Services, Disabilities, & Vets Affairs, Etc.					
Salaries and Wages	159,335	159,335	130,197	29,138	
Other Expenses	36,617	36,617	32,458	4,159	
County Health Department Chapter 329 P.L. 1975					
Salaries and Wages	584,040	584,040	372,496	211,544	
Other Expenses	68,400	68,400	41,162	27,238	
Mosquito Division					
Salaries and Wages	803,156	678,156	637,063	41,093	
Other Expenses	67,000	67,000	55,737	11,263	
RECREATION					
Parks & Recreation Department					
Salaries and Wages - Parks	4,221,731	3,971,731	3,884,051	87,680	
Salaries and Wages - Golf Course	1,763,482	1,563,482	1,506,181	57,301	
Other Expenses - Parks	938,364	1,038,364	1,003,647	34,717	
Other Expenses - Golf Course	578,686	578,686	557,596	21,090	
Cultural and Historical Affairs					
Salaries and Wages	675,000	815,000	758,161	56,839	
Other Expenses	81,875	81,875	75,731	6,144	
Passaic County Historical Society (NJS 40:32-6)					
Other Expenses	25,000	25,000	25,000		

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
EDUCATION					
Superintendent of County Schools					
Salaries and Wages	552,771	552,771	529,655	23,116	
Other Expenses	27,965	38,365	35,900	2,465	
Passaic County Vocational School	7,044,594	7,044,594	7,044,594		
Rutgers Extension Services					
Salaries and Wages	71,677	71,677	71,677		
Other Expenses	188,480	188,480	74,182	114,298	
Passaic County Community College					
Other Expenses	17,500,000	17,500,000	17,500,000		
Reimbursement for Residents Attending Out of County Two Year College (N.J.S.18:A:64A-23)	175,000	175,000	75,359	99,641	
UNCLASSIFIED					
Purchase of Expendable Equipment	400,000	400,000	163,400	236,600	
Interlocal Agreement:					
Bergen & Hudson Counties - Housing of Inmates	1,498,145	1,498,145	1,498,145		
ARP - Bergen & Hudson Counties - Housing of Inmates	23,501,855	23,501,855	21,141,855	2,360,000	
Aid to Health and Welfare Councils (N.J.S. 40:23-8.28)	441,000	441,000	337,823	103,177	
Aid to Housing First	90,000	90,000	60,000	30,000	
Para-Transit					
Vehicle Maintenance	50,000	50,000	20,778	29,222	
Police Academy					
Salaries and Wages	676,095	621,095	469,678	151,417	
Other Expenses	122,000	122,000	89,570	32,430	
Debt Service Fees	50,000	50,000	11,500	38,500	
UTILITIES (40A:4-45 4H)					
Gasoline	1,500,000	1,500,000	1,156,386	343,614	
Telephone & Telegraph	1,100,000	1,100,000	833,246	266,754	
Natural Gas & Electric	4,500,000	4,500,000	4,304,301	195,699	
Heating Oil	35,000	35,000	-	35,000	
Water	600,000	600,000	517,551	82,449	
Garbage	350,000	500,000	377,365	122,635	
Street Lighting	475,000	575,000	486,342	88,658	
Sewer	600,000	600,000	30,159	569,841	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
PUBLIC & PRIVATE PROGRAMS OFFSET					
BY REVENUES					
Matching Funds for Grants	150,000	150,000	108,012	41,988	
County Match					
Area Plan on Aging - Title III 2023	400,000	400,000	400,000		
Aging Area Nutrition 2023	1,000,000	1,000,000	1,000,000		
Assistance Program (Casino Revenue Fund) 2023	1,077,313	1,077,313	1,077,313		
Weatherization Assistance Program (WAP) Bipartisan Infrastructure Law (BIL) Grant 2023	588,554	588,554	588,554		
LIHEAP Weatherization 2023	246,000	246,000	246,000		
LIHEAP Assistance 2023	850,823	850,823	850,823		
Heating Improvement (HIIP) 2023	306,889	306,889	306,889		
Weatherization DOE 22/23	489,015	489,015	489,015		
Lead Remediation and Abatement Program (LRAP) 2023	1,500,000	1,500,000	1,500,000		
Preakness Gero-Psych Program 2022	9,641	9,641	9,641		
Preakness Gero-Psych Program 2023	357,491	357,491	357,491		
WIOA Adult 23/24	2,110,003	2,110,003	2,110,003		
WIOA Youth 23/24	2,272,924	2,272,924	2,272,924		
WIOA Dislocated Worker 23/24	1,345,415	1,345,415	1,345,415		
Workforce Learning Link Program 22/23	142,500	142,500	142,500		
Workforce Learning Link Program 23/24	237,500	237,500	237,500		
Work First NJ - TAINF 23/24	1,277,000	1,277,000	1,277,000		
Work First NJ - GA/SNAP 23/24	1,002,000	1,002,000	1,002,000		
WIOA Data Reporting & Analysis 23/24	12,971	12,971	12,971		
County-Based Innovation Grant 2023	167,627	167,627	167,627		
County-Based Innovation Grant 2024	167,627	167,627	167,627		
Comprehensive Alcoholism & Drug Abuse Grant 2023	989,219	989,219	989,219		
Municipal Alliance Program 2023	242,095	242,095	242,095		
DMHAS Youth Leadership Grant 2023	68,880	68,880	68,880		
Law Enforcement Officers Training and Equipment Fund (LEOTEF) 2023	22,276	22,276	22,276		
Community Services Block Grant (PHLP) FY23	832,014	832,014	832,014		
Community Services Block Grant (PHLP) FY24	541,976	541,976	541,976		
County Environmental Health Act (CEHA) 2023	178,276	178,276	178,276		
COVID-19 Vaccination Supplemental Grant	90,000	90,000	90,000		
Enhancing Local Public Health Infrastructure 22/24	1,494,380	1,494,380	1,494,380		

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
County Health Infrastructure Program 2024	1,146,138	1,146,138	1,146,138		
County Right to Know Program 2024	15,213	15,213	15,213		
Childhood Lead Exposure Program 2024	625,000	625,000	625,000		
Overdose Fatality Review Teams 2024	75,000	75,000	75,000		
Strengthening Local Public Health Capacity Program 2024	89,365	89,365	89,365		
Clean Communities Entitlement 2023	97,231	97,231	97,231		
Recycling Enhancement Act Entitlement 2021	623,700	623,700	623,700		
Radon Awareness Program 2023	2,000	2,000	2,000		
Food Security Planning Grant Program 2023	125,000	125,000	125,000		
Passaic County Film Festival 2023	3,325	3,325	3,325		
Passaic County Arts Center - Arts Programming 2023	10,300	10,300	10,300		
General Operating Support: Dey Mansion Washington's Headquarters 2023	40,000	40,000	40,000		
Passaic County Parks Commission Archives Project 2023	17,000	17,000	17,000		
Destination Marketing Organization 2023	213,000	213,000	213,000		
Lambert Tower Site Improvement Projects 2023	750,000	750,000	750,000		
Local Recreation Improvement Grant (LRIG) 2023	70,000	70,000	70,000		
PSE&G Electric Vehicle Charging Program 2022	7,500	7,500	7,500		
PSE&G Electric Vehicle Charging Program 2023	75,000	75,000	75,000		
NJ Equipment Modernization Program (NJEMP) 2023	93,690	93,690	93,690		
Aging Area Nutrition FY 2023	2,359,156	2,359,156	2,359,156		
Area Plan on Aging - Title III 2023	2,325,679	2,325,679	2,325,679		
Assistance Program (Casino Revenue Fund) 2023	1,329,259	1,329,259	1,329,259		
Senior Farmers Market Nutrition Program 2023	9,677	9,677	9,677		
State Health Insurance Program 2023	37,000	37,000	37,000		
2019 FTA Section 5310	125,000	125,000	125,000		
State/Community Partnership 2023	955,682	955,682	955,682		
Social Services for the Homeless 2024	1,025,000	1,025,000	1,025,000		
Planning & Information Service, Human Services Advisory Co.	172,064	172,064	172,064		
Child Behavioral Health Services 2023	52,397	52,397	52,397		
Transportation and TIP 2024	404,914	404,914	404,914		
National Prescription Opiate Litigation	735,105	735,105	735,105		
Bipartisan Safer Communities Act Disaster Response Crisis Counseling County Grant 2023	30,000	30,000	30,000		
C.S.B.G. Non-Discretionary 2022	2,398	2,398	2,398		
C.S.B.G. Non-Discretionary 2023	205,946	205,946	205,946		
C.S.B.G. Non-Discretionary 2024	312,460	312,460	312,460		
Social Services for the Homeless (Intensive Case Management) 2024	195,000	195,000	195,000		

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
Personal Assistance Services Program 2024	39,060	39,060	39,060		
Family Court Services 2023	278,149	278,149	278,149		
NJ Promise 2.0 Youth and Family Voice 2023	5,000	5,000	5,000		
Subregional Studies Program - Passaic County Strategic Infrastructure Investment 2023	300,000	300,000	300,000		
Subregional Transportation Planning Program 2023	132,048	132,048	132,048		
Subregional Transportation Planning - Supplemental Support 2023	15,000	15,000	15,000		
Community Development Block Grant 2023	965,848	965,848	965,848		
Emergency Management Agency Assistance 2023	200,000	200,000	200,000		
Hazard Mitigation Plan 2023	259,000	259,000	259,000		
UASI - Local Share 2023	179,716	179,716	179,716		
Sexual Assault Response Team/Forensic Nurse Examiner Program 2023	174,643	174,643	174,643		
Sexual Assault Response Team/Forensic Nurse Examiner Program 2024	538,409	538,409	538,409		
Victim Witness Advocacy (VOCA) 2023	250,000	250,000	250,000		
Insurance Fraud Reimbursement Program 2023	4,368	4,368	4,368		
Body Armor Replacement Fund P.C.P.O. 2023	200,000	200,000	200,000		
1610-133 Child - State Aid Grants 2023	192,147	192,147	192,147		
Justice Assistance Grant - Multi Narcotics Task Force	118,133	118,133	118,133		
Justice Assistance Grant - Multi Narcotics Task Force	333,333	333,333	333,333		
Opt for Help and Hope Grant Program 2023	105,263	105,263	105,263		
Operation Helping Hand 2023	284,040	284,040	284,040		
2023 Homeland Security (SHSP-Local Share)	26,821	26,821	26,821		
State Body Armor Replacement Fund Program - P.C.S.D. 2023	351,608	351,608	351,608		
Public Safety Answering Point (PSAP) Upgrades and Consolidation FY23	34,857	34,857	34,857		
CDC Detection and Mitigation of COVID-19 in Confinement Facilities 2021-2024	264,524	264,524	264,524		
HUD Housing First NJ0329	95,674	95,674	95,674		
Emergency Rental Assistance -2	20,000	20,000	20,000		
Data-Driven Decision Making - Organizational Enhancement Program 2023	1,159,235	1,159,235	1,159,235		
Passaic County Tenant Based Housing First NJ0364 2023	65,749	65,749	65,749		
HUD Housing First NJ0365-208	139,205	139,205	139,205		
Continuum of Care Program - Planning Grant 2023	652,102	652,102	652,102		
Passaic County Sponsor Based Housing First NJ0242	145,000	145,000	145,000		
Code Blue Support Funding FY24	100,000	100,000	100,000		
Local Assistance and Tribal Consistency Fund 2023	7,488,692	7,488,692	7,488,692		
County Aid - Road Resurfacing 2023	2,940,658	2,940,658	2,940,658		
2023 Local Bridge Fund Program Grant	399,013,020	399,013,020	375,529,789	23,483,231	
Total Operation (item 8(A))					

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
Contingent	50,000	50,000	24,980	25,020	
Total Operation Including Contingent Detail:	399,063,020	399,063,020	375,554,769	23,508,251	
Salaries and Wages	145,968,960	140,243,960	131,459,754	8,784,206	
Other Expenses (Including Contingent)	253,094,060	258,819,060	244,095,015	14,724,045	
Capital Improvements	1,475,000	1,475,000	948,623		526,377
Acquisition of Various Equipment	815,000	815,000	815,000		
Vietnam Veterans Memorial	100,000	100,000	93,270		6,730
Carpet Replacement	375,000	375,000	340,331		34,669
MIS - Storage Upgrades	2,765,000	2,765,000	2,197,224		567,776
Total Capital Improvements					
County Debt Service					
Payment of Bond Principal					
County College Bonds	4,000,000	4,000,000	3,760,000		240,000
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	1,500,000	1,655,000	1,655,000		
Vocational School Bonds	2,850,000	2,850,000	2,820,000		30,000
Other Bonds	22,583,995	22,428,995	21,420,000		1,008,995
Interest on Bonds					
County College Bonds	900,000	900,000	718,971		181,029
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	300,000	340,000	339,601		399
Vocational School Bonds	1,500,000	1,500,000	1,344,345		155,655
Other Bonds	5,900,000	5,860,000	5,604,135		255,865
Interest on Notes					
Passaic County Utilities Authority	4,125,000	4,125,000	4,103,507		21,493
PCIA Loans					
Prosecutors Building	450,000	450,000	446,762		3,238
Prekness Healthcare Center	5,425,000	5,425,000	5,424,627		373
Nike Base Maintenance Garage	1,400,000	1,400,000	1,372,439		27,561
Total County Debt Service	50,933,995	50,933,995	49,009,387		1,924,608

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Deferred Charges and Statutory Expenditures					
Deferred Charges to Future Taxation - Capital					
Due from Open Space Trust Fund:					
Court House Renovation	3,500,000	3,500,000	3,500,000		
Springbrook Acres	450,000	450,000	450,000		
Lambert Castle/Carriage House Restoration	250,000	250,000	250,000		
Statutory Charges:	500,000	500,000	500,000		
Contribution to:					
Public Employees' Retirement System	19,671,456	19,671,456	19,671,456		
Defined Contribution Retirement Plan (DCRP)	100,000	100,000	87,319	12,681	
County Pension and Retirement Fund	1,300,000	1,300,000	1,299,364	636	
Social Security System (O.A.S.I.)	13,500,000	13,500,000	12,563,526	936,474	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	350,000	350,000	72,726	277,274	
Police and Firemen's Retirement System	20,756,729	20,756,729	20,756,728	1	
Total Deferred Charges & Statutory Expenditures	<u>60,378,185</u>	<u>60,378,185</u>	<u>59,151,119</u>	<u>1,227,066</u>	
Total General Appropriations	<u>\$ 513,140,200</u>	<u>513,140,200</u>	<u>485,912,499</u>	<u>24,735,317</u>	<u>2,492,384</u>
Adopted Budget		471,593,121			
Added by N.J.S.A. 40A:4-87		<u>41,547,080</u>			
		<u>\$ 513,140,201</u>			
		Cash \$	407,439,863		
		Reserve for Encumbrances	14,353,199		
		Transfer to Other Trust Fund Reserve	25,000		
		Transfer to Self Insurance Trust Fund Reserves	7,997,535		
		Deferred Charges to Future Taxation - Capital Ord. #14-06	3,500,000		
		Grants Appropriated	<u>52,596,902</u>		
		\$	<u>485,912,499</u>		

See accompanying notes to financial statements.

COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2023 and 2022

	<u>Assets</u>	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Other Trust Fund:				
Cash		B-1	\$ <u>60,921,886</u>	<u>53,696,724</u>
			<u>60,921,886</u>	<u>53,696,724</u>
Confiscated Trust Fund:				
Cash		B-1	<u>1,833,828</u>	<u>1,837,636</u>
			<u>1,833,828</u>	<u>1,837,636</u>
Self Insurance Fund:				
Cash		B-1	<u>60,573,863</u>	<u>48,277,334</u>
			<u>60,573,863</u>	<u>48,277,334</u>
Community Development Grant Fund (Unaudited):				
Cash		B-1	<u>3,467,874</u>	<u>3,855,619</u>
			<u>3,467,874</u>	<u>3,855,619</u>
Total Assets			<u>\$ <u>126,797,451</u></u>	<u><u>107,667,313</u></u>

COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2023 and 2022

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Other Trust Fund:			
Various Trust Deposits	B-2	\$ 2,964,181	1,439,431
Reserve for Dedicated Revenues	B-3	39,268,783	37,353,517
Reserve for Open Space Expenditures	B-4	<u>18,688,922</u>	<u>14,903,776</u>
		<u>60,921,886</u>	<u>53,696,724</u>
Confiscated Trust Fund:			
Reserve for Confiscated Trust Fund	B-5	<u>1,833,828</u>	<u>1,837,636</u>
		<u>1,833,828</u>	<u>1,837,636</u>
Self Insurance Fund:			
Reserve for Workmen's Compensation	B-6	8,675,614	7,767,169
Reserve for Health Benefits	B-7	24,662,526	18,568,172
Reserve for Liability Insurance	B-8	<u>27,235,723</u>	<u>21,941,993</u>
		<u>60,573,863</u>	<u>48,277,334</u>
Community Development Grant Fund (Unaudited):			
Reserve for:			
Housing Voucher Program	B-9	3,392,482	3,780,227
Section 8	B-10	<u>75,392</u>	<u>75,392</u>
		<u>3,467,874</u>	<u>3,855,619</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 126,797,451</u>	 <u>107,667,313</u>

See accompanying notes to financial statements.

COUNTY OF PASSAIC
Comparative Balance Sheet-Regulatory Basis
General Capital Fund
December 31, 2023 and 2022

<u>Assets</u>	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Cash	C-2/C-3	\$ 38,891,487	70,080,045
Grants Receivable	C-4	5,500,000	45,479,180
Accounts Receivable - Due from State/PCTI Biotech Facility	C-5	8,662,467	
Deferred Charges to Future Taxation:			
Funded	C-6	311,665,000	342,146,000
Unfunded	C-7	<u>70,709,546</u>	<u>57,113,996</u>
Total Assets		<u>\$ 435,428,500</u>	<u>514,819,221</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-14	\$ 246,610,000	272,541,000
Capital Leases Payable	C-15	65,055,000	69,605,000
Improvement Authorizations:			
Funded	C-8	42,599,476	91,624,223
Unfunded	C-8	34,769,456	27,563,688
Commitments Payable	C-9	11,692,498	16,735,523
Capital Improvement Fund	C-10	11,831,470	12,356,470
Reserve for Payment of Bonds and Notes	C-11	9,893,847	11,629,062
Reserve for Grants Receivable	C-13	4,055,187	4,055,187
Fund Balance	C-1	<u>12,976,753</u>	<u>8,709,068</u>
Total Liabilities		<u>\$ 435,428,500</u>	<u>514,819,221</u>

Footnote: There were Bonds and Notes Authorized But Not Issued on December 31, 2023 and 2022 of \$70,709,546 and \$57,113,996, respectively.

See accompanying notes to the financial statements.

COUNTY OF PASSAIC
Statement of Changes in Fund Balance-Regulatory Basis
General Capital Fund
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Balance - January 1,	\$ 8,709,068	9,154,841
Increased by:		
Premium on Bond/Note Sales	204,169	38,337
Improvement Authorizations Cancelled	4,165,599	5,109,134
Capital Acquisitions Reserve Cancelled	<u>55,323</u>	<u>55,323</u>
	<u>4,369,768</u>	<u>5,202,794</u>
	13,078,836	14,357,635
Decreased by:		
Cancellation of Receivables		629,400
Premium on Ch. 12 Bond Sale - State of NJ	102,083	19,167
Improvement Authorizations - Ord. 2022-05	<u>5,000,000</u>	<u>5,000,000</u>
	<u>102,083</u>	<u>5,648,567</u>
Balance - December 31,	<u>\$ 12,976,753</u>	<u>8,709,068</u>

See accompanying notes to the financial statements.

COUNTY OF PASSAIC

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>General Fixed Assets:</u>		
Land	\$ 329,579,008	329,742,821
Buildings and Building Improvements	372,055,657	343,371,017
Machinery and Equipment	88,336,530	96,442,568
Construction in Progress	<u>63,629,465</u>	<u>76,090,726</u>
	<u>\$ 853,600,660</u>	<u>845,647,132</u>
Investment in Fixed Assets	<u>\$ 853,600,660</u>	<u>845,647,132</u>

See accompanying notes to financial statements.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the County of Passaic have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the County accounts for its financial transactions through the following separate funds and account group which differ from the fund structure required by GAAP.

A. Reporting Entity

The County of Passaic (the “County”) was organized under an act of the New Jersey Legislative on February 7, 1837 and operates under an elected Freeholder form of County government. On August 21, 2020, Senate Bill 855 changed the title from Freeholder to Commissioner. The County’s major operations include the County judiciary system; law enforcement, recreation, road and bridge maintenance and construction, the County correctional and penal system, health and welfare, education and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit’s board, and either a) the ability to impose will be by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the counties in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the County does not include the operations of the autonomous agencies including the Passaic County Utilities Authority, Passaic County Community College, Vocational-Technical High School, Employees Retirement System, Welfare Board and the Private Industry Council of Passaic County which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The County uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain County functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those funds.

The County has the following funds and account group:

Current Fund - This fund is used to account for the resources and expenditures for governmental operations of a general nature, including Federal and State grants for operations.

Trust Funds - Trust funds are used to account for assets held by the government in a trustee capacity. Funds held by the County as an agent for individual, private organizations or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the County as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits and deposited funds with the County as collateral.

Confiscated Trust Fund - This fund is created to account for assets seized by local and county law enforcement agencies. Any seized assets forfeited are allocated to the respective agencies or returned upon the conclusion of each legal case filed.

Self-Insurance Fund - This fund is used to account for expenditures for Worker's Compensation and General Liability insurance claims and premiums.

Community Development Grant Fund - This fund is used to account for grant proceeds and related expenditures for Housing and Urban Development Grant Entitlements.

General Capital Fund - This fund is used to account for the receipts and disbursements of funds used for the acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group - To account for all fixed assets of the County. The County's infrastructure is not reported in the group.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting

A modified accrual basis of accounting is followed by the County of Passaic. Under this method of accounting revenues are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for counties by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units.

Property Tax Revenues - Real property taxes are assessed to each municipality within the County, based upon a County wide assessment at true equalized value. Taxes are payable in four quarterly installments on February 15, May 15, August 15 and November 15. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the municipality for the preceding year. The installment due the third and fourth quarters is determined by taking the full tax as levied for the current year against the municipality, less the amount previously charged as the first and second installments, the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 6% per annum. In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable are realized as revenue when collected. Since delinquent taxes are fully reserved, no provision has been made to estimate that portion of the taxes receivable that are uncollectible. GAAP requires property tax revenues to be recognized in the account period when they become subsequent to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the County's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the County's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the County and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

The County is not required to adopt budgets for the following funds:

Trust Funds
General Capital Fund

The governing body shall introduce and approve the annual budget not later than March 31, of the fiscal year. The budget shall be adopted not later than April 28, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the County budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the County. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During the years ended December 31, 2023 and 2022, the Governing Body approved additional revenues and appropriations of \$41,547,080 and \$54,313,176, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2023 and 2022.

Expenditures - Are recorded on the “budgetary” basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves does not exist under GAAP.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Self-Insurance Contributions - Payments to self-insurance funds are charged to current budget appropriations. GAAP requires payments to be accounted for as an operating transfer and not as an expenditure.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of, or guaranteed by, the Federal Government and bonds or other obligations of Federal or local units having a maturity date not more than twelve months from the date of purchase.

Incurred But Not Reported (IBNR) Reserves - The County has not created a reserve for any potential unreported losses which have taken place but in which the County has not received notices or report of losses. Additionally, the County has not recorded a liability for those claims filed, but which have not been paid. GAAP requires the establishment of reserves for such potential claims.

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the County establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the County may levy taxes on all taxable property within the local unit to repay the debt. Annually, the County raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

General Fixed Assets - The County of Passaic has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Fixed assets purchased after December 31, 1989 are stated at cost.

Fixed assets purchased prior to December 31, 1989 are stated as follows:

Land	Assessed Value
Buildings	Fair Market Value (Replacement Cost at Time of Acquisition or construction Completion)
Equipment	
Acquired Prior to 12/31/85	Replacement Cost
Acquired After 12/31/85	Actual Cost Where Available or Estimated Replacement
Construction Work in Progress	Actual Cost

No depreciation has been provided for in the financial statements.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the County to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the County’s financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Impact of Recently Issued Accounting Principles

The following GASB statements became effective for the fiscal year ended December 31, 2023:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement will become effective for the County's year ending December 31, 2023. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the County.

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the County in the year ending December 31, 2024. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the County, however, management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the County.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Impact of Recently Issued Accounting Principles, (continued)

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the County, however, management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the County.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The County presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

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COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2023 and 2022, \$-0- of the County's bank balance of \$353,993,471 and \$370,870,323, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 3. COUNTY DEBT

Long-term debt as of December 31, 2023 and 2022 consisted of the following:

<u>2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General					
Obligation Debt	\$272,541,000	\$3,724,000	\$29,655,000	\$246,610,000	\$31,052,000
Capital Leases	69,605,000		4,550,000	65,055,000	4,745,000
Other Liabilities:					
Compensated Absences	18,633,699	4,334,405	5,568,381	17,399,723	
New Jersey:					
Deferred Pension	<u>3,191,123</u>	<u> </u>	<u>1,120,261</u>	<u>2,070,862</u>	<u>1,214,959</u>
	<u>\$363,970,822</u>	<u>\$8,058,405</u>	<u>\$40,893,642</u>	<u>\$331,135,585</u>	<u>\$37,011,959</u>

<u>2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General					
Obligation Debt	\$297,966,000	\$4,970,000	\$30,395,000	\$272,541,000	\$26,655,000
Capital Leases	73,970,000		4,365,000	69,605,000	4,550,000
Other Liabilities:					
Compensated Absences	21,516,851	1,598,853	4,482,005	18,633,699	
New Jersey:					
Deferred Pension	<u>4,264,572</u>	<u> </u>	<u>1,073,449</u>	<u>3,191,123</u>	<u>1,120,261</u>
	<u>\$397,717,423</u>	<u>\$6,568,853</u>	<u>\$40,315,454</u>	<u>\$363,970,822</u>	<u>\$32,325,261</u>

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County are general obligation bonds, backed by the full faith and credit of the County. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 3. COUNTY DEBT, (continued)

The County's debt is summarized as follows:

	<u>2023</u>	<u>2022</u>
Issued		
General		
Bonds, Notes and Loans	\$246,610,000	\$272,541,000
Bonds Authorized by Another Public Body		
Guaranteed by the County	<u>133,622,178</u>	<u>143,129,920</u>
Total Issued	<u>380,232,178</u>	<u>415,670,920</u>
Authorized But Not Issued		
General		
Bonds, Notes and Loans	<u>70,709,546</u>	<u>57,113,996</u>
Total Issued and Authorized But Not Issued	<u>450,941,724</u>	<u>472,784,916</u>
Less: Funds Temporarily Held to Pay Bonds and Notes	9,893,847	11,629,062
Receivables from Other Public Authorities	8,775,000	7,475,000
Additional Borrowing for County College	13,777,000	13,570,000
Refunding Bonds	8,680,000	9,555,000
Bonds Authorized by Another Public Body		
Guaranteed by the County	<u>133,622,178</u>	<u>143,129,920</u>
Total Deductions	<u>174,748,025</u>	<u>185,358,982</u>
Net Debt	<u>\$276,193,699</u>	<u>\$287,425,934</u>

The summarized statement of debt condition which follows is extracted from the County's Annual Debt Statement, indicates a statutory net debt of .434% and .498% at December 31, 2023 and 2022, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2023</u>			
General debt	<u>\$450,941,724</u>	<u>\$174,748,025</u>	<u>\$276,193,699</u>
<u>2022</u>			
General debt	<u>\$472,784,916</u>	<u>\$185,358,982</u>	<u>\$287,425,934</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 3. COUNTY DEBT, (continued)

The County's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
2% of equalized valuation basis (county)	\$1,272,610,891	\$1,155,221,774
Net debt	<u>276,193,699</u>	<u>287,425,934</u>
Remaining Borrowing Power	<u>\$996,417,192</u>	<u>\$867,795,840</u>

The County's long-term debt consisted of the following at December 31, 2022 and 2021:

Paid by Current Fund:

General Obligation Bonds

	<u>2023</u>	<u>2022</u>
\$4,389,000, 2010 Bonds, due in annual installments of \$200,000 to \$374,000 through July 31, 2027, interest at various rates from 1.660% to 6.540%	\$1,381,000	\$1,681,000
\$23,155,000, 2012 Bonds, due in annual installments of \$1,025,000 to \$2,050,000 through Apr. 1, 2026, interest at various rates from 2.00% to 3.00%	6,150,000	8,200,000
\$17,650,000, 2013 Refunding Bonds, due in annual installments of \$1,265,000 to \$2,595,000 through Feb. 1, 2026, interest at various rates from 1.25% to 4.00%	6,620,000	8,455,000
\$2,875,000, 2014 Series A College Bonds, due in annual installments of \$175,000 to \$235,000 through June 15, 2028, interest at various rates from 2.00% to 5.00%	1,120,000	1,335,000
\$2,875,000 2014 Series B College Bonds, due in annual installments of \$175,000 to \$235,000 through June 15, 2028, interest at various rates from 2.00% to 5.00%	1,120,000	1,335,000
\$22,201,000, 2014 Bonds, due in annual installments of \$965,000 to \$1,921,000 through December 1, 2029, interest at various rates from 2.00% to 4.00%	10,846,000	12,516,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. COUNTY DEBT, (continued)		
\$979,000, 2014 Vocational School Bonds, due in annual installments of \$40,000 to \$80,000 through December 1, 2029, interest at various rates from 2.00% to 4.00%	\$479,000	\$559,000
\$3,940,000, 2014 Series B College Bonds, due in annual installments of \$275,000 to \$515,000 through December 1, 2024, interest at various rates from 2.50% to 3.00%	515,000	1,015,000
\$36,570,000, 2015 General Obligation Refunding Bond, due in annual installments of \$2,735,000 to \$4,050,000 through February 1, 2028, interest at various rates from 3.00% to 5.00%	18,700,000	21,950,000
\$1,600,000, 2015 County College Bonds, Series 2015A, due in annual installments of \$105,000 to \$200,000 through July 1, 2025, interest at various rates from 2.00% to 4.00%	400,000	595,000
\$1,600,000, 2015 County College Bonds, Series 2015B, due in annual installments of \$105,000 to \$200,000 through July 1, 2025, interest at various rates from 2.00% to 4.00%	400,000	595,000
\$11,600,000, 2015 General Improvement Bond, due in annual installments of \$710,000 to \$1,400,000 through December 1, 2028, interest at various rates from 1.50% to 4.00%	5,660,000	6,435,000
\$2,000,000, 2015 County Vocational School Bond, due in annual installments of \$100,000 to \$200,000 through December 1, 2027, interest at various rates from 1.50% to 4.00%	800,000	1,000,000
\$1,500,000, 2016 County College Bonds, Series 2016A, due in annual installments of \$105,000 to \$210,000 through July 1, 2026, interest at various rates from 1.00% to 2.00%	575,000	735,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. COUNTY DEBT, (continued)		
\$1,500,000, 2016 County College Bonds, Series 2016B, due in annual installments of \$105,000 to \$210,000 through July 1, 2016, interest at various rates from 1.00% to 2.00%	\$575,000	\$735,000
\$24,025,000, 2016 General Obligation Refunding Bond, due in annual installments of \$1,030,000 to \$2,100,000 through December 1, 2031, interest at various rates from 2.00% to 5.00%	15,665,000	17,315,000
\$8,150,000, 2016 County Vocational School Bond, due in annual installments of \$350,000 to \$700,000 through December 1, 2031, interest at various rates from 2.00% to 5.00%	5,025,000	5,550,000
\$2,500,000, 2016 County College Bonds, due in annual installments of \$210,000 to \$335,000 through December 1, 2025, interest at various rates from 2.00% to 5.00%	685,000	1,010,000
\$1,500,000, 2017 County College Bonds, Series 2017A, due in annual installments of \$105,000 to \$210,000 through July 1, 2027, interest at various rates from 2.00% to 3.00%	735,000	885,000
\$1,500,000, 2017 County College Bonds, Series 2017B, due in annual installments of \$105,000 to \$210,000 through July 1, 2027, interest at various rates from 2.00% to 3.00%	735,000	885,000
\$7,385,000, 2017 General Obligation Refunding Bond, due in annual installments of \$405,000 to \$660,000 through December 1, 2031, interest at various rates from 2.00% to 4.00%	4,705,000	5,195,000
\$36,000,000, 2017 County Vocational School Bond, due in annual installments of \$1,245,000 to \$2,385,000 through December 1, 2037, interest at various rates from 2.00% to 4.00%	27,780,000	29,275,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$1,015,000, 2017 County Vocational School Bond, due in annual installments of \$65,000 to \$120,000 through December 1, 2037, interest at various rates from 2.00% to 4.00%	\$550,000	\$640,000
\$1,600,000, 2018 County College School Bond, due in annual installments of \$105,000 to \$210,000 through June 1, 2028, interest at various rates from 3.00% to 4.00%	965,000	1,125,000
\$1,600,000, 2018 County College School Bond, due in annual installments of \$105,000 to \$210,000 through June 1, 2028, interest at various rates from 3.00% to 4.00%	965,000	1,125,000
\$15,557,000, 2018 General Obligation Refunding Bond, due in annual installments of \$800,000 to \$1,357,000 through December 1, 2033, interest at various rates from 2.00% to 4.00%	11,357,000	12,237,000
\$1,600,000, 2018 County Vocational School Bond, due in annual installments of \$110,000 to \$205,000 through December 1, 2028, interest at various rates from 2.00% to 4.00%	920,000	1,075,000
\$4,843,000, 2018 County College School Bond, due in annual installments of \$275,000 to \$533,000 through December 1, 2031, interest at various rates from 2.00% to 4.00%	2,363,000	2,883,000
\$3,200,000, 2019 County College School Bond, Series 2019A, due in annual installments of \$170,000 to \$300,000 through May 1, 2033, interest at various rates from 2.00% to 4.00%	2,490,000	2,675,000
\$3,200,000, 2019 County College School Bond, Series 2019B, due in annual installments of \$170,000 to \$300,000 through May 1, 2033, interest at various rates from 2.00% to 4.00%	2,490,000	2,675,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$23,520,000, General Improvement Bonds, Series 2019A, due in annual installments of \$1,300,000 to \$1,675,000 through December 1, 2035, interest at various rates from 1.00% to 4.00%	\$18,230,000	\$19,575,000
\$2,935,000, County Vocational School Bonds, Series 2019B, due in annual installments of \$160,000 to \$255,000 through December 1, 2033, interest at various rates from 1.00% to 4.00%	2,235,000	2,425,000
\$4,235,000, County College Bonds, Series 2019C, due in annual installments of \$525,000 to \$560,000 through December 1, 2027, interest at various rates from 1.00% to 4.00%	2,135,000	2,660,000
\$12,300,000, Energy Savings Improvement Bonds, Series 2019D, due in annual installments of \$600,000 to \$1,100,000 through December 1, 2034, interest at various rates from 1.00% to 4.00%	8,680,000	9,555,000
\$9,510,000, General Obligation Refunding Bonds, Series 2020, due in installments of \$130,000 to \$2,615,000 through October 1, 2024, interest at rate of 5.00%	2,615,000	5,065,000
\$31,550,000, General Improvement Bonds, Series 2020A, due in annual installments of \$1,500,000 to \$3,000,000 through November 1, 2035, interest at various rates from 0.05% to 3.00%	27,050,000	28,550,000
\$975,000, County Vocational School Bonds, Series 2020B, due in annual installments of \$75,000 to \$120,000 through November 1, 2030, interest at various rates from 2.00% to 3.00%	735,000	820,000
\$2,475,000, County College Bonds, Series 2020C, due in annual installments of \$200,000 to \$315,000 through November 1, 2030, interest at various rates from 2.00% to 3.00%	1,845,000	2,065,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$4,090,000, County College Bonds, Series 2021A, due in annual installments of \$355,000 to \$475,000 through February 15, 2031, interest at various rates from 0.25% to 2.00%	\$3,370,000	\$3,735,000
\$4,090,000, County College Bonds, Series 2021B, due in annual installments of \$355,000 to \$475,000 through February 15, 2031, interest at various rates from 0.25% to 2.00%	3,370,000	3,735,000
\$36,250,000, General Improvement Bonds, Series 2021, due in annual installments of \$1,800,000 to \$3,000,000 through November 1, 2036, interest at various rates from 1.25% to 3.00%	32,600,000	34,450,000
\$3,750,000, County College Bonds, Series 2021B, due in annual installments of \$505,000 to \$570,000 through November 1, 2028, interest at various rates from 1.25% to 3.00%	2,730,000	3,245,000
\$2,485,000, County College Bonds, Series 2022A, due in annual installments of \$225,000 to \$280,000 through February 15, 2032, interest at various rates from 2.00% to 4.00%	2,260,000	2,485,000
\$2,485,000, County College Bonds, Series 2022B, due in annual installments of \$225,000 to \$280,000 through February 15, 2032, interest at various rates from 2.00% to 4.00%	2,260,000	2,485,000
\$1,862,000, County College Bonds, Series 2023A, due in annual installments of \$165,000 to \$202,000 through February 15, 2033, interest at various rates from 3.00% to 4.00%	1,862,000	

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$1,862,000, County College Bonds, Series 2023B, due in annual installments of \$165,000 to \$202,000 through February 15, 2033, interest at various rates from 3.00% to 4.00%	<u>1,862,000</u>	<u> </u>
	<u>\$246,610,000</u>	<u>\$272,541,000</u>

The County’s principal and interest for long-term debt issued and outstanding at December 31, 2023 is as follows:

Calendar <u>Year</u>	Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$31,052,000	\$7,227,765	\$38,279,765
2025	28,596,000	6,204,436	34,800,436
2026	29,454,000	5,203,624	34,657,624
2027	25,547,000	4,295,985	29,842,985
2028	24,605,000	3,437,067	28,042,067
2029-2033	78,871,000	8,780,051	87,651,051
2034-2037	<u>28,485,000</u>	<u>1,305,700</u>	<u>29,790,700</u>
	<u>\$246,610,000</u>	<u>\$36,454,628</u>	<u>\$283,064,628</u>

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COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 4. CAPITAL LEASES PAYABLE

In 2012, the County entered into a \$57,425,000 refunding capital lease agreement for the Preakness Healthcare Center capital lease to take advantage of debt savings. In 2015, the County entered into a \$19,550,000 refunding capital lease agreement for the Preakness Healthcare Center capital lease and a \$3,510,000 refunding capital lease agreement for the Prosecutor's Office to take advantage of debt savings. In 2018, the County entered into a \$14,530,000 capital lease for the Department of Public Works for building improvements. Annual debt service requirements for these capital leases are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$4,745,000	\$2,436,544	\$7,181,544
2025	4,990,000	2,193,794	7,183,794
2026	4,785,000	1,956,869	6,741,869
2027	4,975,000	1,761,750	6,736,750
2028	5,150,000	1,587,775	6,737,775
2029-2033	28,745,000	4,925,379	33,670,379
2034-2036	<u>11,665,000</u>	<u>498,945</u>	<u>12,163,945</u>
	<u>\$65,055,000</u>	<u>\$15,361,056</u>	<u>\$80,416,056</u>

NOTE 5. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2023 and 2022.

<u>2023</u>	<u>Balance Dec. 31, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Dec. 31, 2023</u>
Land	\$329,742,821	\$365,360	\$529,173	\$329,579,008
Buildings and Building Improvements	343,371,017	31,942,257	3,257,617	372,055,657
Machinery and Equipment	96,442,568	4,540,294	12,646,332	88,336,530
Construction in Progress	<u>76,090,726</u>		<u>12,461,261</u>	<u>63,629,465</u>
	<u>\$845,647,132</u>	<u>\$36,847,911</u>	<u>\$28,894,383</u>	<u>\$853,600,660</u>

<u>2022</u>	<u>Balance Dec. 31, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Dec. 31, 2022</u>
Land	\$328,943,853	\$798,968	\$	\$329,742,821
Buildings and Building Improvements	341,062,687	2,354,507	46,177	343,371,017
Machinery and Equipment	86,966,689	11,016,302	1,540,422	96,442,569
Construction in Progress	<u>78,290,716</u>	<u>10</u>	<u>2,200,000</u>	<u>76,090,726</u>
	<u>\$835,263,945</u>	<u>\$14,169,787</u>	<u>\$3,786,599</u>	<u>\$845,647,133</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 6. INTERFUND BALANCES AND ACTIVITIES

Balance due to/from other funds at December 31, 2023 consist of the following:

<u>\$30,732,177</u>	Due to the Federal and State Grant Fund from the Current Fund for grants receivable.
<u>\$30,732,177</u>	

NOTE 7. FUND BALANCES APPROPRIATED

Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective funds for the succeeding years were as follows:

	<u>2024</u>	<u>2023</u>
Current Fund	<u>\$23,000,000</u>	<u>\$23,000,000</u>

NOTE 8. ACCUMULATED VACATION AND SICK PAY (UNAUDITED)

Under the existing policies of the county, certain employees are allowed to accumulate (with certain restrictions) unused vacation and sick pay over the life of their working careers and to redeem such unused leave time in cash upon retirement or by extended absence immediately preceding retirement.

The maximum sick leave benefits an employee is entitled to at retirement is \$12,000, except for law enforcement who are extended to \$15,000. Employees are entitled to carryover one year vacation time (with certain exceptions).

It is estimated that the current cost of such unpaid compensation, which was not audited by us would approximate \$17,399,723 and \$18,633,699 at December 31, 2023 and 2022, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability. The County has accumulated reserves to offset annual costs of \$3,706,428 and \$4,012,732 at December 31, 2023 and 2022, respectively.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM

Description of Plans:

County employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The County's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2023	\$19,671,456	\$20,756,729	\$87,319
2022	18,079,254	18,800,882	67,453
2021	17,015,229	18,525,408	64,713
2020	15,865,777	17,045,465	66,923

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

Public Employees Retirement System (PERS)

At December 31, 2023, the County had a liability of \$141,886,945 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2023, the County's proportion was 0.9795863056 percent, which was an increase/(decrease) of (0.0409770493) percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the County recognized pension expense of \$19,671,456. At December 31, 2023, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,356,622	\$579,988
Changes of assumptions	311,697	8,598,957
Net difference between projected and actual earnings on pension plan investments	653,408	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	<u>741,895</u>	<u>7,440,344</u>
Total	<u>\$3,063,622</u>	<u>\$16,619,289</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2023) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$(7,491,100)
2024	(4,181,244)
2025	5,843,009
2026	(1,045,668)
2027	17,784

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21 and 5.63 years for 2023, 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$1,080,204,730	\$1,660,772,008
Collective deferred inflows of resources	1,780,216,457	3,236,303,935
Collective net pension liability	14,606,489,066	15,091,376,611
County's Proportion	0.9795863056%	1.0205633549%

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2021.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	5.00%	9.22%
Emerging Market Equity	1.25%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.22%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
County's proportionate share of the pension liability	\$185,067,617	\$141,886,945	\$105,134,483

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2023, the County had a liability of \$161,405,248 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2023, the County's proportion was 1.460841880 percent, which was an increase/(decrease) of (0.05794098) percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2023, the County recognized pension expense of \$20,756,729. At December 31, 2023, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$6,911,050	\$7,697,598
Changes of assumptions	348,370	10,898,722
Net difference between projected and actual earnings on pension plan investments	8,220,065	-
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>2,211,781</u>	<u>10,285,957</u>
Total	<u>\$17,691,266</u>	<u>\$28,882,277</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2023) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2023	(\$6,281,328)
2024	(6,028,045)
2025	9,698,513
2026	(834,148)
2027	297,728
Thereafter	30,445

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 6.16, 6.22, 6.17, 5.90, 5.92 and 5.73 years for 2023, 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$1,753,080,638	\$2,163,793,985
Collective deferred inflows of resources	1,966,439,601	2,805,919,493
Collective net pension liability	13,084,649,602	13,483,472,009
County's Proportion	1.4608418800%	1.5187828600%

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	2.75%
Salary Increases:	
Through all Future Years	3.25-16.25% (based on years of service)
Thereafter	Not Applicable
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2023		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
County's proportionate share of the pension liability	\$236,587,744	\$161,405,248	\$98,796,190

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Special Funding Situation - PFRS

Under N.J.S.A. 43:16A-15, the County is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the County by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the County's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2023 and 2022, the State proportionate share of the net pension liability attributable to the County for the PFRS special funding situation is \$29,740,794 and \$30,939,366, respectively. For the years ended December 31, 2023 and 2022, the pension system has determined the State's proportionate share of the pension expense attributable to the County for the PFRS special funding situation is \$3,382,954 and \$3,569,584, respectively, which is more than the actual contributions the State made on behalf of the County of \$3,401,201 and \$3,851,801, respectively. The State's proportionate share attributable to the County was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the County's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

County's Employee's Retirement System (Est. 1949)

The System's designated purpose is to provide retirement allowances and other benefits to its members. The County of Passaic Employees' Retirement System was established on January 1, 1949 under Chapter 310, P.L. 1948 until 1966 when it became subject to Chapter 210, P.L. 1966. The Plan is a defined benefit plan covering employees of the County employed by the County prior to July 1, 1967. The System's Board of Commissioners is responsible for its organization and administration.

The following information is provided by the County with the actuarially determined contribution amount and liabilities using the same funding method as required by GASB Statements 67 and 68.

Benefits under the Employees' Retirement System of the County of Passaic are outlined in Article IB of Chapter 10 of Title 43, "Employees of Counties of 300,000 to 325,000 Inhabitants", and include provisions of 1974 Assembly, No. 1484, 1978 Assembly, No. 225, 1981 Assembly, No. 274 and 1994 Assembly, No. 764. We have not been provided with any other legislation and assume that there has been none.

Eligibility: All persons employed by the County prior to July 1, 1966 were eligible to become members of this System. The System was closed to persons employed on or after July 1, 1966.

Salary: Salary, used in determining the amount of a benefit under the System, means the average annual salary or compensation earned by a member during the final three years of service as a county employee.

An exception is that, for members who were transferred from certain prior retirement systems and for members who elect to receive a non-contributory veteran pension, Salary means the total annual salary received during the final year of service as a county employee.

Age & Service Retirement: A member who has attained age 55 and completed 20 years of service or who has completed 35 years of service regardless of age is entitled to retire and receive a pension equal to 50% of Salary.

In addition, a member who has attained age 55 and completed 25 years of service is entitled to an additional 1% of Salary for each year of service over 25 years up to age 70.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

A retiring veteran may elect to withdraw 100% of his or her total employee contributions without interest and receive, in lieu of the above pension, a non-contributory pension equal to 50% of Salary.

Disability Retirement:

A member who become permanently and totally disabled will be entitled to retire and receive a pension equal to 2.5% of Salary multiplied by number of years of his or her service up to a maximum of 20 years.

However, if the disability is the result of injury, accident or sickness arising out of and in the course of employment, the pension will be equal to 50% of Salary regardless of the amount of service.

For members who were transferred from certain prior retirement systems, the pension is equal to 50% of Salary regardless of the reason for the disability.

Death In Service:

Upon the death of an employee member, an annual survivorship benefit is payable to the surviving Widower or Widow, as long as he or she remains unmarried, or any minor children up to age 18, as the case may be.

The survivorship benefit is equal to 2.5% of Salary multiplied by the number of years of service, not to exceed 25% of the member's final compensation at the time of death, except for a \$2,500 minimum annual benefit.

For members who were members of certain prior retirement systems, the annual survivorship benefit is equal to 50% of Salary regardless of the cause of death.

Death After Retirement:

Upon the death of a member after age and service or disability retirement, 50% of the retired member's pension will be continued to the surviving Widower or Widow, as long as he or she remains unmarried, or any minor children up to age 18, as the case may be.

For members who were members of certain prior retirement systems, the annual survivorship benefit is equal to 50% of the member's final compensation at the time of retirement.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

However, in no event will such pension payable at death exceed 25% of the member's final compensation at the time of retirement, except for a \$2,500 minimum annual benefit.

There is no pension payable pursuant to the death of a member who elects a non-contributory pension.

Widow or Widower:

A surviving Widower or Widow will qualify for a death benefit if he or she was married to the employee prior to the employee's retirement. Also, he or she must have married the employee before the employee attained age 50, unless the employee continues in the employment of the County as an active member of the System for at least five years after such marriage.

Termination:

If a member's employment is terminated after having completed at least 20 years of service, and before he is age 55, he may elect to receive 100% of his total employee contributions without interest, or a deferred pension commencing at age 55 equal to 50% of Salary times the ratio of his service divided by the service he would have accrued at age 55.

Alternatively, he may elect to receive a pension to commence immediately equal to 50% of Salary reduced on an actuarial equivalent basis for commencement prior to age 55.

If such a member dies after his pension has become payable, the same survivorship benefit is payable as is payable for a member who dies after age and service or disability retirement.

Member Contributions:

Each employee member is required to contribute 6% of Salary.

County Contributions:

The County is required to contribute 10% of its employees' Salaries, plus an additional 1% in each succeeding fiscal year (accumulatively) after 1966 until the Actuary of the Retirement System certifies to the County that the County's contributions, together with the contributions of the members and all earnings, are sufficient to meet the liabilities of the Retirement System on a fully funded reserve basis.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Pension Increase: Pension payments to most retired employees and beneficiaries are adjusted each year by a percentage equal to 60% of the change in the Consumer Price Index.

Pension payments to retired employees who are receiving a general non-contributory pension are adjusted by 50% of the change in the Consumer Price Index.

Pension payments to retired employees who elect a non-contributory veterans pension are not entitled to an annual adjustment.

Actuarial Assumptions: **Interest Rate:** 3.00% (*Pre and post-retirement*)

As the plan assets are very limited, a very significant portion of the plan liabilities are an obligation of the County. The interest rate reflects the average cost to the County for obtaining funding over the past 20 years. The 20-year High Grade municipal bond rate was used as the basis for the cost of funds. As of December 31, 2022, S&P Municipal Bond 20-year High Grade Index was 4.31%

Mortality: Pub-2010 GE amt-weighted projected generationally using scale MP-2021

The Society of Actuaries developed new mortality tables specifically for governmental employees

Salary Scale: N/A

There are no active employees covered by the plan.

Cost of Living: 3.00% from 2023 through 2027 and 2.00% thereafter.

To reflect current inflation rates and the Federal Reserves projected long-term inflation rate of 2.00%, the COLA assumption was revised to 3.00% for the next five years and 2.00% thereafter.

Load for Ancillary Benefits: None

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 9. EMPLOYEE RETIREMENT SYSTEM, (continued)

Changes from last Valuation: The mortality improvement projection scale was updated from MP 2020 to MP2021. This table is the most recent available scale released by the Society of Actuaries.

The COLA rate was updated from 2.00% to 3.00% for the next five years and 2.00% thereafter.

The valuation results are summarized below:

Number of Plan Members:			
Actives		\$	-0-
Retired Members & Beneficiaries			<u>37</u>
Total			<u>37</u>
Present Value of Benefits:			
Active Members	\$		0
Retired Members		<u>11,601,156</u>	
Total			\$11,601,156
Plan Assets			<u>4,146,751</u>
Excess (deficiency) of assets over liabilities			<u>(\$7,454,405)</u>

Annual pension payments to retirees totaled \$1,481,477. The average payment was \$40,040. All eligible members are now retired and in pay status. Pension payments are increased annually (after the first three years of retirement). The rate of increase is provided by the State Retirement Bureau. We have assumed an annual increase of 3.00% in our valuation. The aggregate total of future pension payments will decrease as a result of the death of any retirees or beneficiaries currently in pay status. The average age of the pensioners was 88.

Based on current and projected annual payments, it is recommended that the fund maintain at least \$1.473 million in liquid assets for the next five years.

The valuation was based on an assumed rate of return of 3.00%. There was no change to the underlying mortality Pub-2010 GE amount-weighted table but the mortality improvement projection scale was changed from Scale MP-2020 to Scale MP-2021. In our opinion, these assumptions are reasonable for valuation purposes.

The last actuarial valuation performed for this plan was as of December 31, 2022. It included 37 retirees and 9 active participant. As of that date, plan assets were \$4,146,751 and plan liabilities were \$11,601,156 resulting in a deficit of \$(7,454,405). The valuation was based on an assumed rate of return of 3.00%.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 10. SELF-INSURANCE WORKMEN'S COMPENSATION PLAN

The County has established a workmens compensation plan for its employees. The County funds the entire cost of the plan. Claims are paid directly by the plan. The County also budgets funds in each year's budget to meet current claims. The County has created a loss reserve for claims incurred and claims not reported which were unpaid at December 31, 2023 and 2022. These reserve amounts are \$8,675,614 for 2023 and \$7,767,169 for 2022. Exhibit B-6 summarizes the 2023 transactions of the plan.

NOTE 11. SELF-INSURANCE LIABILITY PLAN

The County has established a liability trust reserve for the purpose of funding payments that may arise from any general, auto or other liability claims against the County on a self-insured basis. The County funds the entire cost of the plan. The County has created a loss reserve for claims incurred and claims not reported which were unpaid at December 31, 2023 and 2022. These reserve amounts are \$27,235,723 for 2023 and \$21,941,993 for 2022. Exhibit B-8 summarizes the 2023 transactions of the plan.

NOTE 12. SELF-INSURANCE HEALTH BENEFITS PLAN

The County has established a Health Benefits plan for its employees. The County funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$350,000 per employee per year, with any excess benefit being reimbursed through a Re-Insurance Agreement with Sun Life Assurance Company (through 2022) and Independence Life & Annuity Company (2023 and forward) for an unlimited amount per employee per year. The County has created a loss reserve for claims incurred and claims not reported which were unpaid at December 31, 2023 and 2022. These reserve amounts are \$24,662,526 for 2023 and \$18,568,172 for 2022.

NOTE 13. CLAIMS AND JUDGEMENTS

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2023 and 2022, significant amounts of grant expenditure have not been audited by the various grantor agencies but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 14. RELATED PARTY TRANSACTIONS

In March 1987, the County of Passaic organized the Passaic County Utilities Authority (the “Authority”). The purpose of the Authority is to implement the County’s Solid Waste Management Plan. The following is a synopsis of the County’s related party transactions with the Authority.

a. Overlapping Debt/Contingent Liability

The Authority has issued several series of bonds over the years since 1987 pursuant to a resolution of the authority adopted on August 12, 1987 and entitled, “*The Passaic County Utilities Authority General Bond Resolution Authorizing the Issuance of Solid Waste Disposal Revenue Bonds*”, as amended and supplemented as necessary in connection with each bond issuance (collectively, the “Landfill Resolution”).

- \$33,015,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012 (the “2012 Refunding Bonds”) outstanding in the amount of \$21,365,000 consisting of \$13,285,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012A and \$8,080,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012B (Federally Taxable)

- \$14,930,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds, Refunding Series 2018 outstanding in the amount of \$12,755,000.

- \$8,270,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds, Refunding Series 2014B - Taxable outstanding in the amount of \$5,675,000.

NOTE 15. LITIGATION

General Litigation

In the opinion of Nadege D. Allwaters, Esq., County Counsel, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance or the delivery of the Obligations or the levy or the collection of any taxes to pay the interest on or the principal of the Obligations, or in any manner questioning the levy or the collection of taxes, or affecting the validity of the Obligations or the levy or the collection of taxes. Neither the authority or the proceedings for the issuance of the Obligations nor the title of any of the present officers of the County to their respective offices is being contested. Neither the corporate existence or boundaries of the County is being contested; no authority or proceedings for the issuance of the Obligations has or have been repealed, revoked or rescinded; and all actions or proceedings in regard to the issuance of the Obligations taken by governing body subsequent to the adoption of the Open Public Meetings Act of New Jersey have been in compliance with said Act.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

LITIGATION AFFECTING THE PASSAIC COUNTY UTILITIES AUTHORITY

A discussion of certain pending litigation that could have an adverse impact on the financial condition of the Authority is set forth below and has been provided by McManimon, Scotland & Baumann, LLC, General Counsel to the Authority.

- 1. In the Matter of the Petition of the Passaic County Utilities Authority for a Ruling Regarding the Continuing Obligation of Pen Pac, Inc. to Provide Transfer Station Services and for the Establishment of Rates for Such Transfer Station Services**, DEP Docket No. SR92101003J and OAL Docket No. 00788-93N

PenPac, Inc. v. Passaic County Utilities Authority, Docket No. PAS-L-2040-05 (Superior Court of New Jersey, Law Division — Passaic County) (Appellate Docket No. A-3861-06T3) (Certification Denied, New Jersey Supreme Court Docket No. 62,832); and,

PenPac, Inc. v. Passaic County Utilities Authority, Docket No. PAS-L-2615-08 (Superior Court of New Jersey, Law Division — Passaic County).

Determination of Underrecovery

From December 12, 1992 to approximately November 11, 1997, PenPac, Inc. (“PenPac”) provided solid waste transfer station services to the Authority pursuant to an interim rate, which was subject to eventual adjustment to account for over recovery by the Authority, or under recovery by PenPac. A Verified Petition in the administrative matter, which is the first case captioned above, was filed by the Authority on or about October 12, 1992 with DEP to establish the rates in question. Essentially, the Authority claimed that it was entitled to an over recovery in excess of \$5,000,000 from PenPac. PenPac in turn claimed that it was entitled to an under recovery in excess of \$20,000,000 (inclusive of interest) from the Authority. The administrative proceedings sought to establish a final rate for the transfer services in question for the years 1993, 1994, 1995 and 1996.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

Hearings before an administrative law judge commenced in November, 1996 and concluded at the end of May, 1997. On April 12, 1999, the administrative law judge hearing the matter issued her Initial Decision, awarding approximately \$8,000,000 to PenPac as an under recovery for services rendered. The Initial Decision was a recommended decision, which was submitted to the Commissioner of the DEP for consideration and the issuance of a Final Decision.

On July 5, 2000, the Commissioner of the DEP issued his Summary Order memorializing the decision of the DEP. The Summary Order reduced the award to PenPac from the recommended award of \$8,000,000 to \$3,238,792. The Summary Order further provided that there would be no further rate proceedings for years after 1996. The Summary Order did not include a full list of findings of fact and conclusions of law, which were set forth in the Commissioner's Final Decision. The Final Decision was appealed to the Appellate Division of the Superior Court by the Authority.

The Appellate Division entered a decision affirming the DEP Commissioner's Summary Order awarding PenPac \$3,238,792, plus interest in the amount of \$256,313. The Appellate Division also remanded the matter to the DEP for a determination of rate underrecovery for that portion of calendar year 1997 during which PenPac provided transfer station services, and for a determination of the overall rate of interest on the entire award¹. Certification of that decision was sought to the New Jersey Supreme Court, and ultimately denied.

Entry of August 2005 Judgment and Post-Collection Efforts (1st of 2 PenPac Judgments)

PenPac thereafter filed a Complaint in Superior Court, captioned PenPac, Inc. v. Passaic County Utilities Authority, Docket No. PAS-l-2040-05 (Superior Court of New Jersey, Law Division - Passaic County, the second case listed above), seeking to have the administrative

¹ On remand, the NJDEP determined that PenPac was entitled to an additional \$1.3 million of underrecovery for services rendered for portions of calendar year 1997, as well as for interest on the overall award (the "Remand Award"). The Remand Award was reduced to judgment on March 5, 2009 in the third matter listed above, **PenPac, Inc. v. Passaic County Utilities Authority**, Docket No. PAS-L-2615-08 (Superior Court of New Jersey, Law Division - Passaic County). Post-judgment efforts are ongoing, primarily and directly, against the County of Passaic at this time, discussed *infra*. Nonetheless, the unsatisfied portion of both judgments remain obligations of the Authority, despite its financial condition and regardless of collection efforts against the County.

² As well as since the entry of the Remand Award in 2009 constituting the Second Judgment against the Authority.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

underrecovery decision, as affirmed by the Appellate Division, reduced to a judgment in the Superior Court. On August 15, 2005, the Passaic County Superior Court entered a judgment against the Authority in the amount of the Commissioner's Decision, as affirmed, plus interest (total judgment amount of \$3,495,105).

Since the entry of the August 15, 2005 judgment in PenPac's favor², PenPac has engaged in various efforts to enforce the judgment and collect upon it from the Authority (and, as of 2012, against the County of Passaic as well - see *infra*). As a result of the Authority's financial condition, including the amount of outstanding debt, its inability to generate operating revenues in the wake of the judicial rulings in *Atlantic Coast Demolition & Recycling, Inc. v. Atlantic County Bd. Of Chosen Freeholders*, 112 F.3d 652 (3d Cir. 1997), amended, 135 F.3d 891 (3d Cir. 1998) (the "Atlantic Coast" decisions) and its obligations to the Authority's bondholders, the Authority has consistently taken the position that its limited monetary assets are pledged to the bondholders and should be applied to reduce debt service. Therefore, the Authority has maintained that PenPac's judgment for underrecovery may not be satisfied out of the Authority's monetary assets. The Authority has argued consistently in State court that State law clearly provides that the assets of a county or municipal utilities authority are exempt from levy and execution, and are otherwise pledged to its bondholders in either event. They are not available to satisfy unsecured judgment creditors. Stated simply, the Authority has argued that its assets are pledged to the superior priority of the bondholders, and are not subject to seizure by an unsecured judgment creditor such as PenPac.

Nonetheless, PenPac, as part of its collection efforts, in the Fall of 2006 made an application to the Superior Court for mandamus relief to compel the Authority to pay the judgment from its available monetary assets, or to otherwise provide for payment. The Authority resisted that application, and opposed it for the reasons set forth in the previous paragraph, focusing largely on the pledge of monetary assets first and foremost to the Authority's bondholders. The Court granted the relief sought by PenPac as a threshold matter, and thereafter held a plenary hearing on January 3-4, 2007 to establish the extent of the Authority's known assets, and the degree to which they are pledged to bondholders as argued by the Authority, or otherwise were potentially available to pay PenPac's 2005 Judgment. The Authority argued that PenPac was precluded from levying against the assets of the Authority, or otherwise obtaining an order to compel payment of the August, 2005 judgment from those assets. After the January, 2007 hearing, during which evidence and testimony were taken with respect to the Authority's assets and financial condition, the Court reserved decision.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

March 12, 2007 Order Directing Turnover and Assignment of Assets to PenPac

On March 2, 2007, the Court issued a written opinion, which ordered the implementation of mandamus relief by way of ordering the Authority to 1) turnover \$701,230.41 in Bank of New York accounts to PenPac; 2) to turnover \$1,702,220.84 in Bank of America accounts to PenPac; and 3) to assign all future income derived from the Passaic Investors mortgage receivable, held by the Authority, to PenPac. That decision was memorialized by Order entered on March 12, 2007. The March 12, 2007 Order effectively transferred all of the Authority's known monetary assets to PenPac, excepting only certain Bank of New York accounts associated with the Authority's active and outstanding 1999 and 2004 Series Bonds (as well as any account associated with an active bond issue, such as the 2008 Bonds), which the trial court found were validly pledged to the bondholders and thus not subject to turnover. The rest of the assets were found to be free and available to satisfy PenPac's Judgment.

The Authority authorized appeal of this decision first to the Superior Court Appellate Division (which affirmed), and then to the New Jersey Supreme Court. The New Jersey Supreme Court refused to grant Certification to hear the case, rendering the trial court's March 2007 determination final as of September 5, 2008. At that point, the stay of the trial court's decision was dissolved.

Compliance with the March 12, 2007 Order of the Trial Court: Turnover of Assets and Assignment of Mortgage Receivable Income

As a result of the finality of the March 12, 2007 Mandamus Order by exhaustion of available appellate review, the Authority adopted a resolution at a special meeting held on September 25, 2008 to comply with the terms of that Order, and; 1) turned over \$701,230.41 in bondholder restricted Bank of New York accounts to PenPac; 2) turned over \$1,702,220.84 in allegedly unrestricted Bank of America accounts to PenPac; and, 3) assigned all future income derived from the Passaic Investors mortgage receivable, held by the Authority, to PenPac³.

³ That Mortgage has now been paid and amortized in full.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

Future of PenPac Litigation - Collection Efforts directly against County of Passaic

As noted above, the Remand Award was also reduced to judgment in the amount of approximately \$1.3 million on March 5, 2009 in the third matter listed above, **PenPac, Inc. v. Passaic County Utilities Authority**, Docket No. PAS-L-2615-08 (Superior Court of New Jersey, Law Division — Passaic County). PenPac, is still owed payment by the Authority with respect to the balance due on the 2005 judgment, and the entire 2009 Remand Award judgment. What is outstanding does not include post-judgment interest, which accrues pursuant to the New Jersey Rules of Court.

In 2010, PenPac undertook limited, additional post-judgment discovery against the Authority. However, no additional assets were discovered or found (as expected in the light of the 2008 turnover of assets), and no additional post-judgment activity has been taken against the Authority since. None is imminently anticipated.

In 2011, PenPac brought a direct legal action against the County of Passaic to collect on these Judgments. Since the Authority has no available assets, PenPac's collection efforts naturally turned to the County of Passaic - as had been long anticipated. PenPac's lawsuit had asserted various legal theories under which it maintained the County is responsible for the Judgments - contractual debts of the Authority - despite the absence of direct contractual privity with the County. Among them was a theory that the Authority should be dissolved by *de facto* merger with the County of Passaic, and all of its debts assumed by the County - including the PenPac Judgments. That suit was captioned PenPac, Inc. v. County of Passaic, Docket No. PAS-L-2635-11, and was brought in the Superior Court in Passaic County. The County had retained outside, separate counsel to defend against that action.

After discovery, in August of 2012 both the County and PenPac moved for summary judgment. The parties fully briefed the issues in the case - including notably, the inability of the courts to independently dissolve a county utilities authority subject to State oversight, which has outstanding debt. Oral argument was heard in that case on October 23, 2012, on both summary judgment motions. On October 25, 2012, Judge Chiocca in Passaic County dismissed all Counts of PenPac's action against the County for the reasons delivered in an oral opinion.

PenPac then appealed that dismissal to the Appellate Division of the Superior Court. After a full briefing of the issues by both Parties, the Appellate Division, by written decision issued on December 27, 2013, affirmed the trial court's dismissal of the action against the County in its entirety. The Appellate Division found that there was no indication that the County had assumed the PenPac Judgments as a matter of law.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

On or about January 28, 2014, PenPac petitioned the New Jersey Supreme Court for a grant of certification to review the December 27, 2013 decision of the Appellate Division. That application was subsequently denied bringing an end to PenPac's collection activities against Passaic County.

The Judgments, however, remain outstanding obligations of the Authority as of this date. However, there is no provision for their payment, and the Authority has no further assets that may be seized to satisfy these Judgments. In consequence, the Authority anticipates no further post-judgment collection against it by PenPac with respect to these Judgments. And, having exhausted post-judgment collection activities against Passaic County, PenPac has no further recourse against that entity either. No further activity is anticipated at this point in time against the Authority, or the County, respecting these Judgments, barring some material change in circumstances.

2. Plaintiff v. County of Passaic, et al.

This is a case involving a motor vehicle accident where a tree fell onto a vehicle being driven by the Plaintiff on Route 23 in or about West Milford, New Jersey from land adjoining the highway which abuts County Park property. The location of the tree is disputed, as well as the maintenance and trimming obligations of the Defendants, which include the State of New Jersey and the NJDOT.

Plaintiff asserts claims for personal injury and property damage arising from a collision with his vehicle when his vehicle was struck by a tree which fell from the adjoining verge along the highway.

Plaintiff originally sought \$15,000,000 in mediation in February of 2023. At mediation in May 2024, the demand was reduced to \$5,000,000. Discovery is complete and summary motions have been made at this time. Based on the views of outside council, the likelihood of an unfavorable outcome is reasonably possible and the range of potential loss is unable to be estimated at this time.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 15. LITIGATION, (continued)

3. Plaintiffs v. County of Passaic, et al.

In the matter, the plaintiffs allege that between 2018 and 2019 the defendant engaged in pervasive and severe sexual abuse, mental abuse, sexual harassment and offensive behavior directed at the plaintiffs. The complaint was filed on October 4, 2021, and the case is scheduled for trial on November 11, 2024. Based on the views of outside council, the likelihood of an unfavorable outcome is reasonably possible and the range of potential loss is unable to be estimated at this time.

Workers' Compensation Cases

At this time, the County is defending various workers' compensation matters that are open and active for the County of Passaic.

NOTE 16. ARBITRAGE REBATE

The County sometimes temporarily reinvests the proceeds of its tax-exempt debt in higher yielding taxable investments which is referred to as arbitrage by the federal tax code. In certain situations, the County is permitted to keep the extra earnings that result from arbitrage. Otherwise, any excess earnings resulting from arbitrage must be rebated to the federal government. Federal law requires that arbitrage be calculated and rebated at the end of each five-year period that tax-exempt debt is outstanding.

NOTE 17. RISK MANAGEMENT

The County is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has obtained insurance coverage to guard against these events which will provide minimum exposure to the County should they occur. During the 2023 calendar year, the County did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS

Basis of Valuation

This valuation has been based upon census, plan design and financial information provided by the County. Census includes 1,777 participants currently receiving retiree benefits, and 1,763 active participants of whom 356 are eligible to retire as of the valuation date. The average age of the active population is 46 and the average age of the retiree population is 67.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 75.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2021 report from Cheiron. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

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COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP number OPEB requirements taken from the July 1, 2021 report from Aon Consultants.

Key Actuarial Assumptions

<i>Mortality</i>	<i>December 31, 2021 - RP 200 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement December 31, 2022 - PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 25 years of service</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>2.06% Based on the Bond Buyer 20 Index December 31, 2021 3.72% Based on the Bond Buyer 20 Index December 31, 2022</i>
<i>CPI Increase</i>	<i>2.5%</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>
<i>Medical Travel</i>	<i>Medical: 5.3% in 2022, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026 Drug: 6.5% in 2022, reducing by 0.5% per annum, leveling at 4.5% per annum in 2026 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2022 medical and prescription drug premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (46) and scaled to each age based on the medical cost aging factors. At age 65, scaling of rates is discontinued.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

- Retiree contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by The County increased annually by the rate of medical trend.
- Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2022 payroll is \$137.488 million.

Results of Valuation

- *Total OPEB Liability and Net OPEB Liability*

The Total OPEB Liability (“TOL”) is the actuarial accrued liability. The Net OPEB Liability (“NOL”) is the TOL less the Fiduciary Net Position (assets). Since there are no plan assets to offset the liability, the two are equal.

Total OPEB Liability Active	\$465,329,846
Total OPEB Liability Retired	\$1,276,894,860
Total OPEB Liability	\$1,742,224,706
Plan Fiduciary Net Position	\$ 0
Net OPEB Liability	\$1,742,224,706
Net Position/OPEB Liability	\$ 0.00%

- *Total OPEB Expense*

The Total OPEB Expense (“TOE”) is the measure of annual cost based on the actuarial funding method utilized. It is comprised of the “Service Cost” (aka “normal cost”) which is the portion of future liabilities attributable to the measurement year, plus the recognized portion of gains and losses, and interest on the NOL during the year.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

- *Sensitivity – Impact of 1% Change in Discount Rate*

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the discount rate were to increase by 1% per annum, the NOL would decrease and if it were to decrease by 1% the NOL would increase.

- *Sensitivity – Impact of 1% Change in Trend Rate*

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If medical trend were to increase by 1% per annum, the NOL would increase and if it were to decrease by 1% the NOL would decrease.

NET OPEB LIABILITY

The components of the Net OPEB Liability as of December 31, 2022 are as follows:

Total OPEB Liability	\$1,742,224,706
Plan Fiduciary Net Position	\$ 0
Net OPEB Liability	\$1,742,224,706
Net Position/OPEB Liability	\$ 0.00%

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

1% Decrease <u>(2.72%)</u>	Current Discount Rate <u>(3.72%)</u>	1% Increase <u>(4.72%)</u>
\$2,026,594,039	\$1,742,224,706	\$1,522,534,235

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE MEDICAL INFLATION RATE

1% Decrease <u></u>	Current Health Care Trend Rate <u></u>	1% Increase <u></u>
\$1,560,780,403	\$1,742,224,706	\$1,926,833,324

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

Total OPEB Liability and Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of 12/31/2021*	\$1,939,468,680	\$0	\$1,939,468,680
Changes for the Year			
Service Cost	11,454,667		11,454,667
Interest on Total OPEB Liability	39,684,355		39,684,355
Changes in Benefits	0		0
Difference Between Expected and Actual Experience	(31,472,528)		(31,472,528)
Changes in Assumptions	(167,913,818)		(167,913,818)
Employer Contributions			
Employee Contributions			
Net Investment Income			
Benefit Payments, Including Employee Refunds	(48,996,650)		(48,996,650)
Administrative Expenses			
Other Changes	0	0	0
Net Changes	(197,243,974)		(197,243,974)
Balances as of 12/31/2022	\$1,742,224,706	\$0	\$1,742,224,706

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

Total OPEB Expense Calculation as of 12/31/2022

Service Cost	\$11,454,667
Interest on Total OPEB Liability - Over Measurement Period	39,684,355
Benefit Changes (if any)	0
Recognition of Experience Changes	(2,351,855)
Recognition of Assumption Changes	9,851,706
Recognition of Investment Gain or Loss	0
Projected Investment Income	0
Employee Contributions	0
Administrative Expense	0
Other Changes	0
Total GASB 75 OPEB Expense Recognized	\$58,638,873

Note: Employer contributions and benefit payments have NO Direct impact on expense.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

Interest on Total OPEB Liability

	Amount (a)	Time Period* (b)	Interest* (c)	Calculation (a)x(b)x(c)
Beginning of Year Total OPEB Liability	\$1,939,468,680	1.0	0.0206	\$39,953,055
Service Cost (positive number)	11,454,667	1.0	0.0206	235,966
Benefit Payments (negative number)	(48,996,650)	0.5	0.0206	(504,665)
Employee Refunds (if any) (negative number)	0	0.5	0.0206	<u>0</u>
Interest on Total OPEB Liability				<u><u>\$39,684,356</u></u>

*A half year is used because benefits and employee refunds occur throughout the year.

Summary of Deferred Outflows and Inflows to OPEB Expense

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences Between Expected and Actual Experience	\$ 0	(\$29,120,673)
Changes of assumptions	<u>236,816,941</u>	<u>(173,083,610)</u>
TOTAL	<u><u>\$236,816,941</u></u>	<u><u>(\$202,204,283)</u></u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

NOTE 18. POST RETIREMENT BENEFITS, (continued)

Amounts Reported as Deferred Outflows and Inflows Related to OPEB Expense

For Fiscal Year Ending:

31-Dec-23	7,499,851
31-Dec-24	7,499,851
31-Dec-25	7,499,851
31-Dec-26	7,499,851
31-Dec-27	7,499,851
Thereafter	(2,886,597)

NOTE 19. OTHER MATTERS

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the County of Passaic is \$97,473,818 which will be available for use until December 31, 2024.

NOTE 20. SUBSEQUENT EVENTS

The County has evaluated subsequent events through August 1, 2024, the date which the financial statements were available to be issued and no other items were noted for disclosure.

COUNTY OF PASSAIC

COMPARATIVE BALANCE SHEETS - CURRENT FUND

	<u>Balance December 31, 2022</u>	<u>Balance December 31, 2022</u>	<u>Balance December 31, 2021</u>	<u>Balance December 31, 2020</u>	<u>Balance December 31, 2019</u>
ASSETS					
Cash	181,868,048	185,247,188	173,753,163	166,380,569	118,302,223
Deposits - Health Benefits				3,431,592	3,531,708
	<u>181,868,048</u>	<u>185,247,188</u>	<u>173,753,163</u>	<u>169,812,161</u>	<u>121,833,931</u>
Change Fund	675			675	675
Federal and State Grants Receivable	<u>121,436,414</u>	<u>146,740,121</u>	<u>134,381,062</u>	<u>110,153,143</u>	<u>82,825,859</u>
	<u>303,305,137</u>	<u>331,987,309</u>	<u>308,134,225</u>	<u>279,965,979</u>	<u>204,660,465</u>
Receivables With Full Reserves					
Revenue Accounts Receivable	529,648	1,275,508	901,018	1,190,135	533,790
Interfund Receivable			44,665		
	<u>529,648</u>	<u>1,275,508</u>	<u>945,683</u>	<u>1,190,135</u>	<u>533,790</u>
Total Assets	<u><u>303,834,785</u></u>	<u><u>333,262,817</u></u>	<u><u>309,079,908</u></u>	<u><u>281,156,114</u></u>	<u><u>205,194,255</u></u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	24,735,317	19,425,050	14,796,082	27,876,830	29,483,560
Accounts Payable	872,636	2,803,367	1,966,975	1,076,613	1,544,057
Encumbrances Payable	40,211,633	51,379,238	54,005,200	87,330,111	21,201,552
Due to Payroll Fund				1,926	
Grants Due to State	419,743				
Miscellaneous Reserves	5,446,521	9,237,357	10,033,318	4,754,376	3,140,913
Reserve for State and Federal Grants					
Appropriated	95,860,618	96,984,671	106,823,835	73,842,671	71,770,096
Unappropriated	<u>30,029,796</u>	<u>53,882,600</u>	<u>31,694,783</u>	<u>178,453</u>	<u>9,223</u>
Total Liabilities	<u>197,576,264</u>	<u>233,712,283</u>	<u>219,320,193</u>	<u>195,060,980</u>	<u>127,149,401</u>
Reserve for Receivables	529,648	1,275,508	945,683	1,190,135	533,790
Fund Balance	<u>105,728,873</u>	<u>98,275,026</u>	<u>88,814,032</u>	<u>84,904,999</u>	<u>77,511,064</u>
Total Liabilities, Reserves and Fund Balance	<u><u>303,834,785</u></u>	<u><u>333,262,817</u></u>	<u><u>309,079,908</u></u>	<u><u>281,156,114</u></u>	<u><u>205,194,255</u></u>

COUNTY OF PASSAIC

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE

	<u>Balance December 31, 2023</u>	<u>Balance December 31, 2022</u>	<u>Balance December 31, 2021</u>	<u>Balance December 31, 2020</u>	<u>Balance December 31, 2019</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	23,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Miscellaneous Revenue Anticipated	159,975,658	169,906,461	258,646,162	232,263,068	123,347,131
Receipts from Current Taxes	347,570,634	347,570,636	347,570,666	347,570,634	347,570,633
Nonbudget Revenues	2,407,644	1,979,657	3,555,833	2,682,823	2,909,153
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	8,678,133	9,569,359	9,804,182	16,632,813	12,050,209
Prior Year Interfund Returned					84,021
Cancellation of Liabilities	5,237,463	85,685	80,282,908	2,395,602	8,305,172
Total Revenues	<u>546,869,532</u>	<u>548,111,798</u>	<u>718,859,751</u>	<u>620,544,940</u>	<u>513,266,319</u>
Expenditures					
Budget Appropriations	510,647,816	518,070,863	615,663,222	591,927,398	476,782,325
Cancellation of Federal and State Grants Receivable	4,982,597	83,656	80,167,916	2,081,922	6,312,165
Adjustments/Refunds	785,272	1,496,285		141,685	87,950
Interfunds Advanced			119,580		
Total Expenditures	<u>516,415,685</u>	<u>519,650,804</u>	<u>695,950,718</u>	<u>594,151,005</u>	<u>483,182,440</u>
Excess (Deficit) in Revenue	30,453,847	28,460,994	22,909,033	26,393,935	30,083,879
Adjustment to Income Before Fund Balance Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding					
Statutory Excess to Fund Balance	30,453,847	28,460,994	22,909,033	26,393,935	30,083,879
Fund Balance, January 1	<u>98,275,026</u>	<u>88,814,032</u>	<u>84,904,999</u>	<u>77,511,064</u>	<u>66,427,185</u>
	128,728,873	117,275,026	107,814,032	103,904,999	96,511,064
Decreased by:					
Utilization as Anticipated Revenue	23,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Fund Balance, December 31	<u>105,728,873</u>	<u>98,275,026</u>	<u>88,814,032</u>	<u>84,904,999</u>	<u>77,511,064</u>

COUNTY OF PASSAIC

COMPARATIVE BALANCE SHEETS - GENERAL CAPITAL FUND

	<u>Balance December 31, 2023</u>	<u>Balance December 31, 2022</u>	<u>Balance December 31, 2021</u>	<u>Balance December 31, 2020</u>	<u>Balance December 31, 2019</u>
ASSETS					
Cash	38,891,487	70,080,045	104,201,429	46,615,008	53,471,770
Due From PCIA (DPW Building)				2,324,200	10,058,177
State Aid	5,500,000	45,479,180	46,410,345	37,802,971	38,756,682
Due From State of NJ-PCTI Biotech Facility	8,662,467				
Deferred Charges to Future Taxation					
Funded	311,665,000	342,146,000	371,936,000	355,602,809	354,198,655
Unfunded	70,709,546	57,113,996	52,714,847	69,165,195	105,801,659
Total Assets	<u>435,428,500</u>	<u>514,819,221</u>	<u>575,262,621</u>	<u>511,510,183</u>	<u>562,286,943</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Serial Bonds	246,610,000	272,541,000	297,966,000	277,404,000	271,942,000
Loan Payable				48,809	96,655
Bond Anticipation Notes			14,480,000	18,480,000	44,980,000
Improvement Authorizations					
Funded	42,599,476	91,624,223	44,956,661	50,585,831	25,391,088
Unfunded	34,769,456	27,563,688	75,666,886	24,964,840	43,070,582
Capital leases Payable	65,055,000	69,605,000	73,970,000	78,150,000	82,160,000
Encumbrances Payable	11,692,498	16,735,523	26,692,811	18,973,738	56,979,099
Capital Improvement Fund	11,831,470	12,356,470	13,906,470	5,105,470	82,470
Other Reserves	9,893,847	15,684,259	18,468,952	29,514,279	30,215,463
Reserve for Final Payments and Litigation					
Fund Balance	<u>12,976,753</u>	<u>8,709,068</u>	<u>9,154,841</u>	<u>8,283,216</u>	<u>7,369,586</u>
Total Liabilities, Reserves and Fund Balance	<u>435,428,500</u>	<u>514,819,231</u>	<u>575,262,621</u>	<u>511,510,183</u>	<u>562,286,943</u>

COUNTY OF PASSAIC

COMPARATIVE STATEMENTS OF FUND BALANCE

	<u>Balance December 31, 2023</u>	<u>Balance December 31, 2022</u>	<u>Balance December 31, 2021</u>	<u>Balance December 31, 2020</u>	<u>Balance December 31, 2019</u>
Balance, January 1,	8,709,068	9,154,841	8,283,216	7,369,586	6,705,523
Increased by:					
Premiums on Bond/Note Sales	204,169	38,337	1,271,525	913,630	1,280,063
Cancellations	4,165,599	5,109,134	41,000		580,000
Cancellation of Reserve		<u>55,323</u>			
	<u>13,078,836</u>	<u>14,357,635</u>	<u>9,595,741</u>	<u>8,283,216</u>	<u>8,565,586</u>
Decreased by:					
Improvement Authorization Appropriation		5,000,000	400,000		1,100,000
Premium/State Share	102,083	19,167	40,900		96,000
Canceled Receivables		<u>629,400</u>			
Balance, December 31,	<u><u>12,976,753</u></u>	<u><u>8,709,068</u></u>	<u><u>9,154,841</u></u>	<u><u>8,283,216</u></u>	<u><u>7,369,586</u></u>

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION



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November __, 2024

Passaic County Improvement Authority
Paterson, New Jersey

Re: Passaic County Improvement Authority
(County of Passaic, New Jersey)
\$ _____ County Guaranteed Revenue Bonds (Senior Housing Project), Series 2024

Ladies and Gentlemen

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery by the Passaic County Improvement Authority, a public body corporate and politic constituting an instrumentality of the State of New Jersey ("Authority"), of \$ _____ aggregate principal amount of its County Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 (the "Bonds").

The Bonds are being issued pursuant to (i) the bond resolution of the Authority entitled, "Resolution Authorizing the Issuance of County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 of the Passaic County Improvement Authority", duly adopted on March 27, 2024 (the "General Bond Resolution" or "Bond Resolution"); (ii) a certificate of the Chairman of the Authority, dated the date of sale of the Bonds (the "Series Certificate" and together with the General Bond Resolution, the "Bond Resolution"); and (iii) the County Improvement Authorities Law, N.J.S.A. 40:37A-44 et seq., as amended and supplemented (the "Act").

The Bonds will be secured by (i) a Loan Agreement dated as of November 1, 2024 (the "Loan Agreement"), by and between Authority and the Passaic County Affordable Housing Corporation (the "Corporation"), by which the Corporation will agree to make loan repayments to the Authority secured by a pledge and assignment of all revenues received by the Corporation, including Rents and Housing Assistance Payments Contract (the "HAP Contract") Payments, (ii) a Capital Contribution, Subsidy and Deficiency Agreement with the Authority to be dated as of November 26, 2024 (the "Deficiency Agreement"), and (iii) a Restated Guaranty Ordinance duly adopted by the County on February 27, 2024 (the "Guaranty Ordinance") and a Guaranty Agreement with the Authority to be dated as of November 26, 2024 (the "County Guaranty Agreement" and together with the Guaranty Ordinance, the "County Guaranty"). The Bonds are being underwritten by Raymond James & Associates, Inc. (the "Underwriter") pursuant to a Bond Purchase Contract dated November __, 2024 by and between the Underwriter, the Authority, and the Corporation.

The Bonds are being issued for the purpose of financing (i) land acquisition; (ii) the construction of an 100% affordable housing project in Pompton Lakes, New Jersey, consisting of 64 one-bedroom units, exclusively for use by senior/disabled low and moderate-income households with preference for veterans and local residents, and 1 two-bedroom unit for use by the Superintendent (the "Housing Project"); (iii) capitalized interest on the Bonds; (iv) deposits to certain operating and renewal and replacement reserve funds; and (v) the costs of issuance of the Bonds, collectively (collectively, the "Project").

The Bonds are dated their date of delivery, mature on November 1 in each of the years and the respective principal amounts set opposite each such year in the table below and bear interest at the rates per annum below, payable semi-annually on May 1 and November 1, until maturity or prior redemption, commencing May 1, 2025.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
11/01/2028			11/01/2043		
11/01/2029			11/01/2044		
11/01/2030			11/01/2045		
11/01/2031			11/01/2046		
11/01/2032			11/01/2047		
11/01/2033			11/01/2048		
11/01/2034			11/01/2049		
11/01/2035			11/01/2050		
11/01/2036			11/01/2051		
11/01/2037			11/01/2052		
11/01/2038			11/01/2053		
11/01/2039			11/01/2054		
11/01/2040			11/01/2055		
11/01/2041			11/01/2056		
11/01/2042					

The Bonds are issued in fully registered book-entry-only form without coupons. The Bonds are subject to optional redemption prior to maturity on the terms and conditions set forth therein

As the basis for the opinion expressed below, we have examined such matters of law as we have deemed necessary including, without limitation, the Act and the Internal Revenue Code of 1986, as amended ("Code"). We have also examined and relied upon such documents, instruments and certifications as we have deemed necessary including, without limitation, original counterparts or certified copies of the Bond Resolution, the Loan Agreement, the Deficiency Agreement, the Guaranty Ordinance, the County Guaranty Agreement, and such other documents, instruments and certifications including, inter alia, the Joint Tax Certificate entered into by and between the Authority and the Corporation (the "Joint Tax Certificate") and the opinions of counsel to the Borrower, counsel to the Trustee, and counsel to the Authority as to various matters. Capitalized terms, not otherwise defined, shall have the meanings ascribed thereto in the Bond Resolution unless the context clearly requires otherwise.

In rendering the opinions set forth below, we have relied upon the authenticity, truthfulness and completeness of all matters set forth in the documents, instruments and certifications examined, and on the opinions referenced above, as to all matters of fact and law set forth therein.

Based upon and subject to the foregoing and the further assumptions and qualifications set forth below, it is our opinion that:

1. The Authority is a public body corporate and politic and an instrumentality of the State of New Jersey duly and legally organized and validly existing under the Act, and has full right and lawful authority to issue the Bonds for the purpose of financing the Project.

2. The Bonds have been duly authorized, executed and delivered by the Authority, are the legal, valid and binding special and limited obligations of the Authority, enforceable in accordance with their terms and payable as to principal, interest and all other obligations thereunder solely from, and enforceable only against, amounts payable by the Authority under the Bond Resolution and the other revenues, funds and rights assigned or pledged to the Trustee pursuant to the Bond Resolution as security for the Bonds.

3. The Authority has the power to enter into and perform its obligations under the Loan Agreement and the County Guaranty Agreement, and assuming the due authorization, execution and delivery of said documents by the other parties thereto, constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their terms except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the rights of creditors or principles of equity generally.

4. The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for the interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The Authority and the Borrower have covenanted in the Joint Tax Certificate relating to the Bonds to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Authority and the Borrower with the aforementioned covenants, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax; however, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding two (2) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

We call your attention to the fact that the Bonds are special and limited obligations of the Authority payable solely from and secured as to the payment of the principal and redemption price thereof, and interest thereon, in accordance with its terms and the provisions of the Bond Resolution. The Bonds do not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision of the State other than the Authority (which has only a special and limited obligation to pay such Bonds out of the Trust Estate and the Revenues pursuant to the Bond Resolution) or constitute a pledge of the faith and credit or taxing power of the State or of any political subdivision thereof, other than for the County (to the extent required under the County Guaranty). The Authority has no taxing power.

We express no opinion as to any matter not set forth above. The opinions expressed above are being rendered on the basis of federal law and the laws of the State of New Jersey as presently enacted and construed, and we assume no responsibility to advise any party as to changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

This letter is being provided for your exclusive benefit pursuant to the requirements of the closing of the Bonds and may not be provided to (except in connection with the preparation of a closing transcript with respect to the Bonds) or relied upon by any other person, party, firm or organization without our prior written consent. Notwithstanding anything to the contrary herein, the undersigned acknowledges that this opinion is

Passaic County Improvement Authority
November __, 2024
Page 4

a governmental record subject to release under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1
et seq., as amended and supplemented.

Very truly yours,

ARCHER & GREINER P.C.

APPENDIX D

**FORMS OF GENERAL BOND RESOLUTION, LOAN AGREEMENT,
DEFICIENCY AGREEMENT AND COUNTY GUARANTY AGREEMENT**

RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF PASSAIC
 GUARANTEED REVENUE BONDS (SENIOR HOUSING PROJECT), SERIES 2024
 OF THE PASSAIC COUNTY IMPROVEMENT AUTHORITY

Adopted: March 27, 2024

Approved: November __, 2024

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**RESOLUTION AUTHORIZING THE ISSUANCE OF
COUNTY OF PASSAIC GUARANTEED REVENUE BONDS
(SENIOR HOUSING PROJECT), SERIES 2024 OF THE
PASSAIC COUNTY IMPROVEMENT AUTHORITY**

WHEREAS, The Passaic County Improvement Authority (including any successors and assigns, the "Authority") has been duly created by resolution duly adopted by the Board of Chosen Freeholders (now known as the Board of County Commissioners) (the "Board of County Commissioners") of the County of Passaic (the "County") in the State of New Jersey (the "State") as a public body corporate and politic of the State pursuant to and in accordance with the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"), and other applicable law;

WHEREAS, the Passaic County Affordable Housing Corporation (the "Corporation"), a New Jersey not-for-profit corporation and a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), proposes to acquire certain real estate (the "Project Site") located in the Borough of Pompton Lakes (the "Borough"), and to construct thereon a multifamily rental housing project (collectively, the "Housing Project"), comprising approximately 65 one-bedroom units, exclusively for use by low and moderate income senior citizen households with preference for veterans and Borough residents;

WHEREAS, the Project Site is expected to be acquired by the Corporation pursuant to a Purchase and Sale Agreement (the "Purchase and Sale Agreement") between the County, as seller, and the Corporation, as buyer;

WHEREAS, pursuant to the Purchase and Sale Agreement, the Corporation will be required to pay the purchase price for the Project Site;

WHEREAS, the Corporation expects to enter into a Housing Assistance Payments Contract (the "HAP Contract") with the Passaic County Public Housing Agency (the "Agency"), by which the Agency will agree, subject to the satisfaction of certain requirements, to make certain periodic subsidy payments to the Corporation (the "HAP Payments"), which are expected to be derived from periodic payments from the United States Department of Housing and Urban Development to the Agency, in support of the affordable housing units to be provided by the Housing Project;

WHEREAS, the Corporation expects to charge rents in respect of the use and occupancy of the units comprising the Housing Project (the "Rents"), which rents shall be subject to certain limitations imposed by the HAP Contract and applicable federal and state regulations;

WHEREAS, in accordance with the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LRHL"), the governing body of the Borough has, by resolution adopted on _____, 20____, designated a portion of the Borough, including the Project Site, as a non-condemnation area in need of redevelopment (the "Redevelopment Area");

WHEREAS, in accordance with the LRHL, the governing body of the Borough has, by ordinance finally adopted on July 19, 2023, adopted a redevelopment plan governing the

Redevelopment Area (the “Redevelopment Plan”);

WHEREAS, in accordance with the LRHL, the Borough’s designated redevelopment entity, the Pompton Lakes Redevelopment Agency, has, by resolution adopted on August 21, 2023, designated the Corporation as the redeveloper of the Project Site and has authorized the execution and delivery of a redevelopment agreement with the Corporation, by which the Corporation has agreed to construct the Housing Project;

WHEREAS, in accordance with the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., the governing body of the Borough has, by ordinance finally adopted on August 16, 2023, authorized the execution and delivery of a financial agreement with the Corporation, by which the Corporation has agreed to pay certain service charges in lieu of property taxes on the Project Site and the Project;

WHEREAS, pursuant to Section 37 (“Section 37”) of the Act (N.J.S.A. 40:37A-80) and other applicable law, the Board of County Commissioners of the County has finally adopted a guaranty ordinance on February 27, 2024 (the “*Guaranty Ordinance*”) in support of the redevelopment project consisting of the construction of the Veterans Housing Project by the Corporation;

WHEREAS, in furtherance thereof, the Authority has determined to issue and sell up to \$20,000,000 aggregate principal amount of its County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 (the “*Series 2024 Bonds*”) to finance certain costs of the Housing Project; and

WHEREAS, the County and the Authority have determined that it in their best interests to, among other things: (i) issue the Series 2024 Bonds for the purpose of financing the costs of constructing the Housing Project, (ii) authorize and execute a loan agreement by and between the Authority and Corporation, (iii) adopt the Guaranty Ordinance, execute the hereinafter-defined Guaranty Agreement and execute a certificate of guaranty on the face of each Series 2024 Bond (collectively, the “*County Guaranty*”), authorizing the guaranty of the principal of and interest on the Series 2024 Bonds, (iv) authorize and execute the hereinafter-defined Subsidy and Deficiency Agreement for the Series 2024 Bonds to provide for an initial County capital contribution and certain ongoing County subsidy payments and deficiency payments pursuant to N.J.S.A. 40:37A-79 of the Act as more fully described herein, and (v) take any and all other actions deemed necessary, desirable and convenient in connection with matters detailed herein (collectively, the “*Series 2024 Project*”);

WHEREAS, the Series 2024 Bonds shall be sold by negotiated sale to one or more entities as determined by the Authority, as underwriter(s) (collectively, the “*Underwriter*”) of the Series 2024 Bonds, the terms of which sale shall be as set forth in that certain Bond Purchase Agreement (as defined herein);

WHEREAS, the Series 2024 Bonds shall be issued pursuant to the terms of this bond resolution, as may be amended and supplemented from time to time in accordance with its terms, including by a Certificate of an Authorized Officer of the Authority to be dated the date of issuance of the Series 2024 Bonds (collectively, the “*Bond Resolution*”), the Act and other applicable law;

WHEREAS, pursuant to the Loan Agreement and this Bond Resolution, all revenues received by (or for the benefit of) the Corporation will be deposited with the Trustee, and will thereupon be used to make the Loan Repayments, pay the costs of operating and maintaining the Housing Project, provide necessary reserves, and reimburse the County for any and all Deficiency Payments and Guaranty Payments;

WHEREAS, to further secure the reimbursement of the Deficiency Payments and Guaranty Payments, the Corporation will execute and deliver (i) a Mortgage to be dated the date of issuance of the Series 2024 Bonds (the “*Mortgage*”), granting to the County a first lien mortgage on the Project Site and the Housing Project; (ii) a Security Agreement to be dated the date of issuance of the Series 2024 Bonds (the “*Security Agreement*”), granting to the County a security interest in the Corporation’s personal property, accounts, rents and general intangibles, subject only to such lien (if any) as may be granted by the Corporation to the Authority or the Trustee to secure payment of the Loan Repayments, and (iii) an Assignment of Leases to be dated the date of issuance of the Series 2024 Bonds (the “*Assignment of Leases*”), assigning to the County all leases and proceeds thereof, subject only to such assignment (if any) as may be granted by the Corporation to the Authority or the Trustee to secure payment of the Loan Repayments;

WHEREAS, the Mortgage, the Security Agreement and the Assignment of Leases (collectively, the “*County Security Documents*”) shall secure only the County, and shall not constitute security for the Series 2024 Bonds;

WHEREAS, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 of the U.S. Securities and Exchange Commission (“*Rule 15c2-12*”), the County will be required to enter into that certain County Continuing Disclosure Agreement dated the first day of the month of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*County Continuing Disclosure Agreement*”) with the dissemination agent named therein, in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the County Continuing Disclosure Agreement, the Authority shall (i) not be considered a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, and (ii) be required to provide certain material events notices in accordance with Rule 15c2-12, and accordingly, the Authority shall be required to provide such material events notices under the terms of the County Continuing Disclosure Agreement, all in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, the Corporation, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, shall be required to enter into that certain Corporation Continuing Disclosure Agreement dated the first day of the month of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*Corporation Continuing Disclosure Agreement*”) with the dissemination agent named therein, in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, in accordance with the Act and N.J.S.A. 40A:5A-6, 7 and 8 of the Local Authorities Fiscal Control Law, the Authority has made an application (the “*Local Finance Board Application*”) seeking findings from the Local Finance Board (the “*Local Finance Board*”) in the

WHEREAS, the payment of the principal (including mandatory sinking fund installments, if any) of, and interest (at interest rates not to exceed the maximum rates set forth in the Local Finance Board Application) on the Series 2024 Bonds, but not any redemption premium, shall be fully, unconditionally and irrevocably guaranteed in accordance with (i) the terms of the Guaranty Ordinance, (ii) by a guaranty certificate to be executed by an authorized officer of the County within each Series 2024 Bond and (iii) a Guaranty Agreement to be dated the date of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*Guaranty Agreement*”) by and between the County and the Authority, setting forth, among other things, the County’s obligation to make any such guaranty payments in accordance with and within the parameters set forth in this Guaranty Ordinance and the Bond Resolution, all pursuant to Section 37 and other applicable law, which payments are included as part of the hereinafter-defined Trust Estate applicable to the Series 2024 Bonds pledged by the Authority to the Trustee under the Bond Resolution (the “*Trustee*”);

WHEREAS, simultaneously with the issuance of the Series 2024 Bonds, the Authority and the Corporation will each enter into a Loan Agreement (the “*Loan Agreement*”), by which the Corporation will agree to make certain periodic loan repayments to the Authority (the “*Loan Repayments*”) in amounts that are sufficient, in both time and amount, to pay all debt service requirements in respect of the Series 2024 Bonds, taking into account various credits, as provided therein;

WHEREAS, the Loan Repayments are expected to be derived from, and will be secured by a pledge and assignment of, all revenues received by the Corporation, including but not limited to the Rents and the HAP Payments;

WHEREAS, simultaneously with the issuance of the Series 2024 Bonds, the County, the Authority and the Trustee will each enter into a Capital Contribution, Subsidy and Deficiency Agreement to be dated the date of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*Subsidy and Deficiency Agreement*”), setting forth, among other things, the rights to receive payment from the County, subject to annual appropriation, pursuant to N.J.S.A. 40:37A-79 of the Act, representing (i) an initial capital contribution in support of the Veterans Housing Project, (i.e. the “*Capital Contribution*”, as defined therein), (ii) certain scheduled payments to be made by the County in support of the Veterans Housing Project (i.e., the “*Subsidy Payments*”, as defined therein) and (iii) certain voluntary payments in the case of any Deficiency (as defined herein), prior to any mandatory payment under the County Guaranty (i.e., the “*Deficiency Payments*”, as defined therein);

WHEREAS, the debt service payable on the Series 2024 Bonds is expected to be paid from, and will be secured by, the revenues received by the Corporation, together with any Subsidy Payments and Deficiency Payments made from time to time by the County;

WHEREAS, payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2024 Bonds, shall be secured by the Trust Estate (as defined herein), including the above-referenced sources and any payments made from time to time by the County under the County Guaranty (the “*Guaranty Payments*”);

Department of Local Government Services of the State Department of Community Affairs;

WHEREAS, the Local Finance Board issued positive findings and approval in respect of the Local Finance Board Application at its meeting held on February 11, 2024;

WHEREAS, in order to market and sell the Series 2024 Bonds by negotiated sale the Authority shall have authorized (a) the distribution of a preliminary official statement “deemed final” within the meaning and for the purposes of Rule 15c2-12 describing the terms of the Series 2024 Bonds (the “*Preliminary Official Statement*”); (b) the execution and delivery of a bond purchase agreement (the “*Bond Purchase Agreement*”) with the Underwriter to purchase all or a portion of the Series 2024 Bonds; and (c) the execution and delivery of a final Official Statement incorporating the terms of the sale of the Series 2024 Bonds and certain other information into the Preliminary Official Statement (the “*Official Statement*”), and together with the Preliminary Official Statement, and the Bond Purchase Agreement, and any of the same or other offering or sale documents that may be required, the “*Sale Documents*”);

WHEREAS, in accordance with Section 13 (“*Section 13*”) of the Act (N.J.S.A. 40:37A-56), the Authority has heretofore made a detailed report regarding the Series 2024 Project to the Board of County Commissioners, which report includes, without limitation, descriptions of the Series 2024 Bonds, this Bond Resolution, the Loan Agreement, the County Security Documents, the County Continuing Disclosure Agreement, the Corporation Continuing Disclosure Agreement, the County Guaranty, the Guaranty Agreement, the Subsidy and Deficiency Agreement and, to the extent available, the Sale Documents (collectively, the “*Financing Documents*”), and which report was accepted by the County by resolution adopted by the Board of County Commissioners on February 27, 2024 pursuant to Section 13;

NOW, THEREFORE, BE IT RESOLVED by the governing body of the Passaic County Improvement Authority as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.

1. The following defined terms shall have the respective meanings ascribed to such terms in the preambles hereof:

- Act
- Agency
- Assignment of Leases
- Authority
- Board of County Commissioners
- Bond Purchase Agreement
- Bond Resolution
- Borough
- Capital Contribution
- Code
- Corporation
- Corporation Continuing Disclosure Agreement
- County
- County Continuing Disclosure Agreement
- County Guaranty
- County Security Documents
- Deficiency Payments
- Financing Documents
- Guaranty Agreement
- Guaranty Ordinance
- Guaranty Payments
- HAP Contract
- HAP Payments
- Housing Project
- Loan Agreement
- Loan Repayments
- Local Finance Board
- Local Finance Board Application
- L.R.H.L.
- Mortgage
- Preliminary Official Statement
- Project Site
- Purchase and Sale Agreement
- Official Statement
- Redevelopment Area
- Redevelopment Plan
- Rents
- Rule 15c2-12

- Sale Documents
- Section 13
- Section 37
- Security Agreement
- Series 2024 Bonds
- Series 2024 Project
- State
- Subsidy and Deficiency Agreement
- Subsidy Payments
- Trustee
- Underwriter

2. The following defined terms shall, for all purposes of this Bond Resolution, have the following meanings:

“Accounts” shall mean any account established in any of the Funds established by Article V hereof.

“Additional Bonds” means all Bonds authenticated and delivered pursuant to Section 2.04 hereof.

“Additional Loan Payment” shall mean any amount payable by the Corporation at the times and under the other terms of the Loan Agreement, other than Basic Loan Payments, including without limitation, (i) Administrative Expenses not otherwise provided from a portion of the proceeds of the Bonds, including the second and succeeding Bond Year Administrative Fee, (ii) interest on any past due Loan Payments payable at the Overdue Rate (but not any such past due Basic Loan Payment), (iii) any Optional Prepayment in accordance with Section 701 of the Corporation Loan Agreement, and (iv) any Mandatory Prepayment in accordance with Section 702 of the Loan Agreement.

“Administrative Expense Account” shall mean the Account within the Administrative Fund so designated and established by Article V hereof.

“Administrative Expenses” shall mean the fees and expenses which are incurred from time to time by or on behalf of the Authority, the County, or the Corporation, in carrying out their respective rights and duties under the terms of the Financing Documents, including, without limitation, accounting, administrative, financial advisory, and legal expenses, the fees and expenses of the Trustee, any paying agents or any other fiduciaries or agents acting on behalf of the Authority, the County, or the Corporation, under or pursuant to the terms of the Financing Documents, which amounts shall be due and payable by the Corporation as an Additional Loan Payment at the times set forth in the Financing Documents, or, as applicable, upon presentation of an invoice for payment.

“Administrative Fund” means the Fund so designated and established by Article V hereof, consisting of a Costs of Issuance Account and an Administrative Expense Account.

“Authorized Newspapers” shall mean (i) one newspaper which is customarily published and generally circulated at least once in each calendar week in the County, and (ii) one newspaper which is customarily published in the Borough of Manhattan, City and State of New York, at least once a day for a least five days (other than legal holidays) in each calendar week, each of which newspapers is printed in the English language; provided however that with respect to the redemption of Bonds, “Authorized Newspapers” shall refer only to the newspaper which is described in clause (ii) of this definition.

“Authorized Officer” or “Authorized Representative” shall mean, (i) with respect to the Authority: the Chairman, the Vice Chairman, the Treasurer, the Secretary or the Executive Director of the Authority and, when used with reference to an act or document, also means any other person who shall be authorized by resolution or the by-laws of the Authority to perform such act or to execute such document or any other person or persons who shall be authorized by resolution of the Authority to act on behalf of the Authority or by a written certificate duly executed on behalf of the Authority by the Chairman or by the Vice Chairman of the Authority, which certificate shall set forth such authorization and shall contain the specimen signatures of each such person; (ii) with respect to the Trustee: any officer of the Trustee authorized by the Trustee to act or execute documents on behalf of the Trustee; (iii) with respect to Corporation: any officer of the Corporation authorized by the Corporation to act or execute documents on behalf of the Corporation; and (iv) with respect to the County, the County Administrator of the County and, when used with reference to an act or document, also means any other person who shall be authorized by State statute, ordinance, resolution, by-laws or Administrative Code of the County to perform such act or to execute such document or any other person or persons who shall be authorized by resolution or ordinance of the Board of County Commissioners to act on behalf of the County or by a written certificate duly executed on behalf of the County by the County Administrator of the County, which certificate shall set forth such authorization and shall contain the specimen signatures of each such person.

“Base Rate” shall mean the rate of interest established by the Trustee from time to time as its reference rate in making loans but does not reflect the rate of interest charged to any particular class of borrowers, and is not tied to any external rate of interest or index. The applicable rate will change automatically and immediately as of the date the Trustee changes its Base Rate, without notice to any party. If no other rate shall be so established by the Trustee, the Base Rate shall be the Trustee’s prime rate as determined from time to time.

“Basic Loan Payment” shall mean, as of each Basic Loan Payment Date, the amount set forth in Exhibit A-3 to the Loan Agreement corresponding to such Basic Loan Payment Date and designated as a Basic Loan Payment.

“Basic Loan Payment Date” shall mean the first calendar day of each month, commencing _____ 1, 2024, or if not a Business Day, the first Business Day prior to such date.

“Board” shall mean the governing body of the Authority, or if said Board shall be abolished, the board, body, commission or agency succeeding to the principal functions thereof or to whom the powers and duties granted or imposed by the Bond Resolution shall be given by law.

“Bond” or “Bonds” shall mean any of the Bonds of any Series issued pursuant to the terms of this Bond Resolution, including the Series 2024 Bonds and any Additional Bonds, or any Bonds that are thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 4.07 or 11.10 hereof.

“Bond Counsel” shall mean Archer & Greiner P.C., or any other attorney at law, or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exclusion of interest on bonds or other obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state.

“Bond Year” shall mean (i) with respect to any Series of Outstanding Bonds, including the Series 2024 Bonds, a period of 12 consecutive months beginning on _____ of any calendar year and ending on _____ of the immediately succeeding calendar year except that (ii) the first Bond Year with respect to the Series 2024 Bonds shall be a period commencing on the date of issuance of the Series 2024 Bonds and ending on _____, 20____ and (iii) the first Bond Year with respect to any other Series of Bonds shall be a period commencing on the date of issuance of such Series of Bonds and ending on the succeeding _____ day of _____.

“Bondholder,” “Bond Holder,” “Holder” or “Holder of Bonds” shall mean the registered owner of any Series of Bonds of the Authority, including the Authority’s Series 2024 Bonds.

“Business Day” shall mean, with respect to the Bonds of any Series, any day other than (i) a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the Principal Office of the Authority, the Trustee or the Paying Agent is located, are closed, or (ii) a day on which the New York Stock Exchange is closed.

“Capital Contribution Account” shall mean the Account within the Project Fund so designated and established by Article V hereof.

“Capitalized Interest Account” shall mean the Account within the Debt Service Fund so designated and established by Article V hereof.

“Certificate” shall mean a written certificate signed in the name of the Authority, the County, the Corporation or the Trustee. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

“Code” shall mean the Internal Revenue Code of 1986, as amended and supplemented, and the Treasury regulations promulgated pursuant thereto.

“Collection Account” shall mean the account so designated, to be established by the Corporation pursuant to Section 301 of the Loan Agreement.

“Completion Certificate” shall mean with a certificate in the form attached as Exhibit B to the Loan Agreement, executed by an Authorized Officer of the Corporation and acknowledged as to form only by an Authorized Officer of the Authority, evidencing, among other

things, that the Housing Project has been completed in accordance with the Plans and Specifications therefor, and determining any matters regarding the application of excess funds in accordance with Section 5.02 of the Bond Resolution.

“Completion Project” shall mean any completion, additions, enlargements, improvements, expansions, repairs, restorations or reconstructions of the Housing Project, including, without limitation, all real and personal property and rights therein and any appurtenances that are necessary or useful and convenient therefor, which shall be funded through any combination of the issuance of Additional Bonds, any grant or subsidized funding from the Federal, State or local government or other source, the equity contribution of any Interested Party, or otherwise. To the extent such Completion Project shall be funded in whole or in part by Additional Bonds of the Authority, the Loan Agreement shall be amended and supplemented (with the Corporation’s consent), including as applicable the Basic Loan Payment schedule, to reflect the increased principal of and interest due on any Series of Additional Bonds issued to fund all or a portion of such Completion Project. The Authority may, at its sole discretion, issue Additional Bonds for any Completion Project, but it is under no obligation to do so.

“Contractor” shall mean any contractor, subcontractor or other third-party designated by the Corporation through a Development Contract or otherwise, in any such case as the entity obligated to design, permit, acquire, construct and/or install all or a portion of the Housing Project.

“Corporation Account” shall mean the Account within the Project Fund so designated and established by Article V hereof.

“Cost”, “Costs”, “Costs of the Project”, “Project Cost” or “Project Costs” shall mean and be deemed to include, together with any other proper item of cost not specifically mentioned herein, whether incurred prior to or after the date of any Financing Document, (i) costs of and expenses related to the design, permitting, acquisition, construction, installation, operation, maintenance, and financing of the Housing Project; including, without limitation, costs and expenses related to any Contractor, the Plans and Specifications, and/or any other costs and expenses related to any Development Contract, the costs of payment of, or reimbursement for, advances, deposits, down-payments or progress payments, administrative costs, insurance costs, costs of surety, construction or performance or payment bonds, financing payments, sales taxes, excise taxes, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs, printing costs, reproduction and binding costs, Administrative Expenses, costs of Rating Agencies, credit ratings or credit enhancement, fees for the printing, execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing; the cost of insurance; (ii) any sums required to reimburse the Interested Parties for advances made for any of the above items, or for any other costs incurred and for work done, which is properly chargeable to the Housing Project; (iii) deposits in any Fund or Account under the Bond Resolution, all as shall be provided in the Bond Resolution; and (iv) such other expenses not specified herein as may be necessary or incidental to the implementation of the Housing Project, including those incurred by the Interested Parties and including costs and expenses related to the placing of the Housing Project in use and operation.

“Event of Default” shall mean any occurrence or event designated as such in Section 9.01 of the Bond Resolution.

“Fiduciary” or “Fiduciaries” shall mean individually or collectively, as the case may be, the Trustee or the Paying Agent under the Bond Resolution.

“Funds” shall mean any of the funds established by Article V of the Bond Resolution.

“General Fund” shall mean the Fund so designated and established by Article V of the Bond Resolution.

“HAP Payments” shall have the meaning ascribed thereto in the Recitals hereof. The HAP Payments will be irrevocably assigned by the Corporation to the Trustee pursuant to Section ___ of the Loan Agreement, subject to any HAP Requirements.

“HAP Requirements” shall mean the legal requirements applicable to the Section 8 project-based voucher program including, without limitation, the United States Housing Act of 1937, as amended; HUD regulations thereunder (and to the extent applicable, any HUD-approved waivers of regulatory requirements); any other federal laws, regulations, notices, and Executive Orders pertaining to the Section 8 project-based voucher program; and the HAP Contract.

“Interest Account” shall mean the Account within the Debt Service Fund so designated and established by Article V of the Bond Resolution.

“Interest Payment Date” shall mean, the date on which interest on the Bonds, including the Series 2024 Bonds, is required to be paid to the Holders thereof, (i) being the first (1st) day of each _____ and _____ until final maturity of the Bonds, including the Series 2023 Bonds, commencing _____, 202[]], which shall constitute a regularly scheduled Interest Payment Date, or the date of (ii) redemption or (iii) acceleration of the Bonds, including the Series 2024 Bonds.

“Interest Portion” shall mean, with respect to Basic Loan Payments due on any Basic Loan Payment Date, the portion of such Basic Loan Payment equal to one-sixth (1/6) of the interest due and owing on the Outstanding Bonds, including the Series 2024 Bonds, on the immediately succeeding Interest Payment Date, as set forth in **Exhibit A-3** to the Loan Agreement, less other amounts available under the Bond Resolution, if any, to make the payment on time and in full of the interest on the Bonds on the next occurring Interest Payment Date of the Bonds.

“Interested Parties” shall mean individually or collectively, as the case may be, the Authority, the County, the Corporation, the Trustee, or any other interested party with a right, duty or obligation under the Financing Documents, including any agents (including professional advisors) of any of the foregoing.

“Investment Securities” shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of the Authority’s funds:

“Costs of Issuance” shall mean all items of expense directly or indirectly payable by or reimbursable to any Interested Parties and related to the authorization, execution, sale and delivery of the Bonds of any Series, including the Series 2024 Bonds, including, but not limited to, bond insurance costs or costs of other credit enhancement, Rating Agency fees, advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any such Interested Parties, the fees and expenses to be paid to the underwriters of a particular Series of Bonds (which fees and expenses, including their counsel, may be paid as a discount from Bond proceeds, rather than from the Costs of Issuance Account), including the Series 2024 Bonds, legal and financial advisory fees and expenses of such Interested Parties, and initial charges, and all other initial fees and disbursements contemplated by the Financing Documents.

“Costs of Issuance Account” shall mean the Account within the Administrative Fund so designated and established by Article V hereof.

“Counsel” shall mean an attorney at law or firm of attorneys at law (who may be, without limitation, of counsel to, or an employee of any Interested Party) duly admitted to practice law before the highest court of any state.

“County Security” shall mean all of the rights granted to the County pursuant to the County Security Documents.

“Debt Service Fund” means the Fund so designated and established by Article V hereof, consisting of an Interest Account, and a Principal Account.

“Default” shall mean an event or condition, the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default with respect to the Bonds, including the Series 2024 Bonds.

“Development Contract” shall mean any contract obligating any contractor, subcontractor or other third-party, as Contractor and on behalf of the Corporation, to design, permit, acquire, construct and/or install all or a portion of the Housing Project. Nothing in any Development Contract shall relieve the Corporation from its obligations under the Loan Agreement and the other Financing Documents, which obligations shall include the Corporation’s continual obligation to design, permit, acquire, construct, install, operate and maintain the Housing Project.

“Draw Date” shall have the meaning ascribed to such term in Section 510(b) of the Loan Agreement, and shall not be a regularly scheduled set of dates, but shall occur no more frequently than twice a month.

“Draw Papers” shall have the meaning ascribed to such term in Section 510(c) of the Loan Agreement.

“DTC” shall mean The Depository Trust Corporation, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Bonds, including the Series 2024 Bonds.

(i) Cash, direct non-callable obligations of the United States of America, and securities fully and unconditionally guaranteed as to the timely payment of principal of and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS or defeased municipal notes or bonds rated in the highest rating category by at least one of the Rating Agencies;

(ii) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state or of any agency or instrumentality of any such local governmental unit (a) that are not callable prior to maturity or as to which irrevocable instructions have been given to the Trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds or other obligations for redemption on the date or dates specified in such instructions, (b) that are secured as to principal, interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character in clause (i) above that have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) Bonds, debentures or other evidences of indebtedness issued or guaranteed by any agency or corporation that has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; provided, however, that at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by the Rating Agencies;

(iv) New housing authority bonds issued by public agencies or municipalities that are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities that are fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) Direct, general obligations of any state of the United States of America, the payment of the principal of and interest on which the full faith and credit of such state is pledged; provided, however, that at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by the Rating Agencies;

(vi) Obligations of any state of the United States of America or any political subdivision thereof or of any agency or instrumentality of any such state or

political subdivision that shall be rated in the highest short- or long-term rating category by the Rating Agencies;

(vii) Direct and general obligations of the State, the payment of the principal of and interest on which the full faith and credit of the State is pledged; or any bonds or other obligations the payment of the principal of and interest on which are unconditionally guaranteed by the State;

(viii) Certificates or other instruments that evidence ownership of the right to payments of principal of or interest on obligations of any state of the United States of America or any political subdivision thereof or of any agency or instrumentality of any such state or political subdivision; provided, however, that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under Section 10.09 hereof; and provided, further, that the payments of all principal of and interest on such obligations shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations that shall be rated in the highest short- or long-term rating category by the Rating Agencies, or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bonds, such insurance policy shall result in such municipal bonds being rated in the highest rating category by the Rating Agencies;

(ix) Certificates that evidence ownership of the right to payments of principal of or interest on obligations described in clause (i) above; provided, however, that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under Section 10.09 hereof;

(x) Certificates of deposit, whether negotiable or nonnegotiable, demand deposits, and banker's acceptances of any of the fifty (50) largest banks by measure of total assets, which banks may include the Trustee, that are rated not lower than the second highest rating category by the Rating Agencies;

(xi) Commercial paper rated at the date of investment in the highest rating category by the Rating Agencies;

(xii) Any repurchase agreement that, by its terms, matures not later than one (1) year from its date of execution with any bank or trust company organized under the laws of any state of the United States of America or any national banking association, including the Trustee, or any government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clause (i), (iv), (x) or (xi) above and which securities shall at all times have a market value (exclusive of accrued interest) of not less than one hundred two percent (102%) of the full amount of the repurchase agreement, have dates of maturity not in excess of seven (7) years, and be delivered to another bank or trust company organized under the laws of any state of the United States of America or national banking association, as custodian;

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"Operating Reserve Fund" shall mean the Fund so designated and established by Article V of this Bond Resolution.

"Optional Prepayment" shall have the meaning ascribed to such term in Section 701 of the Loan Agreement relating to the optional redemption of the Bonds of any Series, including the Series 2024 Bonds.

"Outstanding" or **"outstanding"** shall mean, when used with reference to Bonds of any Series, including the Series 2024 Bonds, as of any particular date (subject to the provisions of Section 13.08 hereof), all Bonds of such Series theretofore, or thereupon being, authenticated and delivered by the Trustee under this Bond Resolution, except: (i) Bonds of such Series theretofore or thereupon canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds of such Series with respect to which all liability of the Authority shall have been defaced or discharged in accordance with Article XII of the Bond Resolution; and (iii) Bonds of such Series in lieu of or in substitution for which other Bonds of such Series shall have been authenticated and delivered by the Trustee pursuant to any provision of this Bond Resolution.

"Overdue Rate" shall mean two percent (2%) per annum over the Base Rate, which rate shall change automatically and immediately as of the date the Trustee changes its Base Rate, without notice to any Interested Parties.

"Owner" or **"Registered Owner"** of a Bond shall mean the registered owner of any Series of Bonds of the Authority, including the Authority's Series 2024 Bonds, as shown on the register kept by the Trustee pursuant to Section 3.04 of the Bond Resolution.

"Paying Agent" means the Paying Agent appointed pursuant to Section 10.02 of the Bond Resolution, and its successors.

"Plans and Specifications" shall mean the architectural and engineering drawings and specifications prepared by or for the benefit of the Corporation describing the Housing Project, including any Completion Project, as the case may be, as agreed to among the Corporation, the Authority and the County pursuant to Section 501 of the Loan Agreement.

"Preliminary Official Statement" shall have the meaning set forth in Section 6.05 of this Bond Resolution.

"Principal Account" shall mean the Account within the Debt Service Fund so designated and established by Article V of this Bond Resolution.

"Principal Office" shall mean, when used with reference to the Authority, the Trustee or the Paying Agent, the respective addresses of such parties as set forth in Section 13.07 hereof, and any further or different addresses as such parties may designate pursuant to Section 13.07 hereof, and with reference to the Corporation, the address set forth in **Exhibit A-2** to the Loan Agreement, as any such party may update from time to time in accordance with the terms of the Loan Agreement.

"Principal Payment Date" shall mean, the date on which principal (including Sinking Fund Installments, if any) of the Bonds, including the Series 2024 Bonds, is required to

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(xiii) Shares of an investment company organized under the Investment Company Act of 1940, as amended, including any investment company for which the Trustee is investment advisor, that invests its assets substantially in obligations of the type described in clause (ii), (vii), (xi) or (xii) above;

(xiv) Interests in the State of New Jersey Cash Management Fund or other similar common trust fund for which the State Treasurer is the custodian;

(xv) Local government investment pools;

(xvi) Money market funds which seek to maintain a constant net asset value per share and are rated in the highest short term rating categories of such funds, by at least two Rating Agencies; and

(xvii) Any other investments permitted under N.J.S.A. 40A:5-15.1, or any such successor statute.

"Letter of Instructions" shall mean the letter of instructions attached to any Tax Certificate as an exhibit thereto provided by Archer & Greiner P.C. or other Bond Counsel on the date of issuance and delivery of the Series of Bonds to which it applies, as such letter may be amended from time to time, as a source of guidance for compliance with the Code.

"Loan Payments" shall mean all amounts due and payable by the Corporation pursuant to the terms of the Loan Agreement, and shall consist of Basic Loan Payments and the Additional Loan Payments.

"Local Finance Board Application" shall mean the Authority's application to the Local Finance Board in the Division of Local Government Services of the Department of Community Affairs dated January 24, 2024 with respect to the Series 2023 Bonds, which was the subject of a public hearing by and findings and approval resolution of the Local Finance Board on February 11, 2024.

"Mandatory Prepayment" shall have the meaning ascribed to such term in Section 702 of the Loan Agreement relating to the acceleration of the Bonds of any Series, including the Series 2024 Bonds.

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

"Official Statement" shall have the meaning set forth in Section 6.06 of this Bond Resolution.

"Operating Budget" shall have the meaning ascribed thereto in the Loan Agreement.

"Operating Account" shall mean the account so designated, to be established by the Corporation pursuant to Section ___ of the Loan Agreement.

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be paid to the Holders thereof, (i) being the first (1st) day of each _____ until final maturity of the Series 2024 Bonds, commencing _____ 1, 202____, each of which shall constitute a regularly scheduled Principal Payment Date, or the date of (ii) redemption or (iii) acceleration of the Bonds, including the Series 2024 Bonds.

"Principal Portion" shall mean, with respect to Basic Loan Payments due on any Basic Loan Payment Date, the portion of such Basic Loan Payment equal to one-twelfth (1/12) of the principal (including Sinking Fund Installments) of the Outstanding Bonds, including the Series 2024 Bonds, due and owing on the immediately succeeding Principal Payment Date, as set forth in **Exhibit A-3** attached to the Loan Agreement, less other amounts available under the Bond Resolution, if any, to make the payment on time and in full of the principal of (including Sinking Fund Installments) the Bonds on the next occurring Principal Payment Date of the Bonds.

"Proceeds" shall mean the aggregate moneys paid by the initial purchasers of the Bonds of any Series, including the Series 2024 Bonds, to the Trustee, including any accrued interest on the Bonds, which may be net of any applicable underwriter's discount with respect to the applicable Series of Bonds.

"Project Fund" shall mean the Fund so designated and established by Article V hereof.

"Rating Agency" shall mean individually or collectively, as the case may be, Moody's Investors Service, Standard & Poor's, or any other nationally recognized rating agency that has rated the Bonds, including the Series 2024 Bonds, or any Series of Additional Bonds, which rating was sought and/or purchased by the Authority.

"Rebate Amount" shall have the meaning ascribed thereto in the Loan Agreement.

"Rebate Fund" shall mean the Fund so designated and established by Article V of this Bond Resolution.

"Record Date" shall mean with respect to an Interest Payment Date for a particular Series of Bonds, including the Series 2024 Bonds, unless otherwise provided by this Bond Resolution or a Supplemental Resolution authorizing such Series, the fifteenth (15th) day (whether or not such day shall be a Business Day) of the month preceding such Interest Payment Date.

"Redemption Price" shall mean, when used with reference to any Series of Bonds, including the Series 2024 Bonds or any portion thereof, the principal amount of such Bonds or such portion thereof and any premium thereon payable upon redemption thereof pursuant to the provisions of such Bonds and this Bond Resolution.

"Replacement Costs" shall mean any and all repairs, replacements and/or restorations of a capital (as distinct from operating) nature pertaining to the Housing Project, together with any and all additions, expansions and/or improvements thereto, whether anticipated or unanticipated, as may be deemed appropriate by the Corporation, provided all such activities shall occur on the Project Site.

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“**Replacement Reserve Fund**” shall mean the Fund so designated and established by Article V of the Bond Resolution.

“**Replacement Reserve Deposit Amount**” shall mean, in respect of each Basic Loan Payment Date following completion of the Housing Project, the applicable “Annual Deposit Amount” divided by twelve (12). The “Annual Deposit Amount” shall mean, initially, [Seventy-Five Thousand Dollars (\$75,000)], which amount shall be increased by three percent (3%) annually effective on each anniversary of the first Basic Lease Payment Date following completion of the Housing Project.

“**Reserved Rights**” shall mean the Authority’s right to retain the following under the Loan Agreement, which shall not be part of the Trust Estate pledged to the Trustee under Section 1.04 of the Bond Resolution:

- (i) Receive the Additional Loan Payments earmarked for purposes other than any Optional Prepayment or Mandatory Prepayment (which Optional Prepayment and Mandatory Prepayment Additional Loan Payments constitute part of the Trust Estate, and are therefore not reserved to the Authority), including without limitation (a) any Administrative Expenses, which the Authority shall be obligated to pay or cause to be paid to the Interested Parties due such Administrative Expenses, and (b) interest payable on past due Loan Payments at the Overdue Rate (but not the Basic Loan Payments that may be paid together with any payment at the Overdue Rate, which Basic Loan Payments constitute part of the Trust Estate, and are therefore not reserved to the Authority), provided, further, that the portion of which interest that is attributable to past due Basic Loan Payments may be assigned by the Authority to the County;
- (ii) Receive notices provided for in the Loan Agreement;
- (iii) Appoint, replace or remove such parties as shall be appointed, replaced or removed under the Loan Agreement at the direction of the Authority; and
- (iv) The right to give or withhold consents, including consents to amendments, permitted or required of the Authority under the Loan Agreement.

“**Revenue Fund**” shall mean the Fund so designated and established by Article V of the Bond Resolution.

“**Revenues**” shall mean all gross income, interest income (including any investment income which is derived from the investment of any funds (other than the Capital Contribution Account of the Project Fund, the Administrative Expense Account or the Costs of Issuance Account of the Administrative Fund, or the Rebate Fund) held by the Trustee pursuant to the terms of this Bond Resolution), and all revenue received by the Corporation from any source whatsoever (including, but not limited to, from the ownership or operation of the Housing Project), including, but not limited to, all Rents and other income from the Housing Project (except deposits held for security) received in connection with the leases or occupancy or services or otherwise received from or in regard to tenants of the Housing Project, all HAP Payments (whether received by the Corporation or paid directly to the Trustee for the account of the Corporation), any additional money deposited by the Corporation from time to time into the Revenue Fund, all

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securities held in any Funds and Accounts established under the Bond Resolution, except for moneys or securities held in (A) Capital Contribution Account of the Project Fund, (B) the Administrative Expense Account or the Costs of Issuance Account of the Administrative Fund, or (C) the Rebate Fund, (v) the Loan Agreement, including the Loan Repayments and the right to receive same, except for the Reserved Rights (which shall be retained by the Authority), and (vi) any other amounts received from any other source by or on behalf of the Authority and pledged by the Authority as security for the payment of the Bonds, all of which as shall have been pledged by the Authority to the Trustee pursuant to Section 1.04 of this Bond Resolution as security for the payment of the principal, redemption premium, if any, and interest on the Bonds. None of the County Security shall be part of the Trust Estate.

“**Trustee**” shall mean the Trustee appointed pursuant to Section 10.01 of the Bond Resolution, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the provisions of the Bond Resolution.

SECTION 1.02. Rules of Interpretation. For all purposes of this Bond Resolution, except as otherwise expressly provided or unless the context otherwise requires:

1. “This Bond Resolution” means this instrument as originally adopted and as it may be supplemented, modified or amended from time to time by any Certificate of an Authorized Officer in accordance with Article II hereof, or in accordance with any Supplemental Resolution, unless in the case of any one or more Certificates or Supplemental Resolutions, the context requires otherwise.
2. All reference in this Bond Resolution to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Bond Resolution. The words “herein”, “hereof”, “hereunder” and “herewith” and other words of similar import refer to this Bond Resolution as a whole and not to any particular Article, Section or other subdivision hereof.
3. The terms defined in this Bond Resolution include the plural as well as the singular.
4. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.
5. The table of contents and the headings or captions used in this Bond Resolution are for convenience of reference only and shall not define, limit or prescribe any of the provisions hereof or the scope or intent hereof.

SECTION 1.03. Authority for this Bond Resolution. This Bond Resolution is adopted pursuant to the provisions of the Act and constitutes a resolution authorizing bonds pursuant to the Act. Promptly after the initial adoption of this Bond Resolution, an Authorized Officer of the Authority shall cause the estoppel notice contemplated by Section 19 of the Act (N.J.S.A. 40:37A-62) to be published in an Authorized Newspaper.

SECTION 1.04. Bond Resolution and Bonds Constitute a Contract; Pledge of Trust Estate.

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business interruption insurance proceeds, and all rights to receive the same whether in the form of accounts, accounts receivable, general intangibles, contract rights, chattel paper, instruments or other rights and the proceeds thereof, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Corporation, and any other moneys, revenues or receipts which are specifically included in such definition by the terms of any Supplemental Resolution.

“**Series**” shall mean all of the Bonds, including the Series 2024 Bonds, authenticated and delivered on original issuance and identified pursuant to this Bond Resolution or any Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10 hereof, regardless of variations in maturity, interest rate or other provisions.

“**Series 2024 Bondholder**,” “**Series 2024 Bond Holder**,” “**Holder of Series 2024 Bonds**,” shall mean the registered owner of any Series 2024 Bonds.

“**Sinking Fund Installments**”, with respect to any Series of Bonds, shall have the meaning, if any, specified in either this Bond Resolution, including, without limitation and with respect to the Series 2024 Bonds, Section 2.03(6)(a) hereof, or the applicable Supplemental Resolution.

“**Supplemental Resolution**” shall mean the Certificate or Certificates of an Authorized Officer of the Authority referred to in Section 2.02(1)(d) hereof and/or any resolution or resolutions of the Authority amending, modifying or supplementing this Bond Resolution, authorizing the issuance of a Series of Additional Bonds, or any other Supplemental Resolution adopted by the Authority pursuant to the provisions of this Bond Resolution.

“**Tax Certificate**”, with respect to any Series of Bonds issued as Tax-exempt Bonds (including the Series 2024 Bonds), means the “Tax Certificate as to Arbitrage and Instructions as to Compliance with the Provisions of Section 103(a) of the Internal Revenue Code of 1986, as amended” or similar document executed and delivered by an Authorized Officer of the Authority on the date of issuance of such Series of Bonds, as the same may be supplemented and amended from time to time to exempt the interest on such Series of Bonds is excludable from the gross income of the Holders thereof for Federal income tax purposes.

“**Tax-exempt Bonds**” shall mean any Series of Bonds (including the Series 2024 Bonds) the interest on which is intended to be excludable from gross income of the Holders thereof for Federal income tax purposes, and with respect to which an opinion of Bond Counsel is delivered to the effect that interest on such Series of Bonds is excluded from gross income pursuant to Section 103 of the Code.

“**Trust Estate**” shall mean all right, title and interest of the Authority in, to and under (i) the Revenues, (ii) all Subsidy Payments actually paid by the County from time to time and deposited with the Trustee, (iii) with respect to the Series 2024 Bonds only, all Deficiency Payments actually paid by the County from time to time and deposited with the Trustee, and all Guaranty Payments payable by the County and the right to receive same, (iv) all moneys and

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With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under this Bond Resolution by those who shall hold the same from time to time: (i) this Bond Resolution and the Bonds issued hereunder shall be deemed to be and shall constitute a contract by and among the Authority, the Trustee and the Holders, from time to time, of such Bonds; (ii) the pledge made herein to the Trustee to pay its fees and expenses shall in every respect be subordinate to the pledge made herein to the Trustee for the benefit of the Holders of the Bonds; (iii) the pledge made herein and the duties, covenants, obligations and agreements set forth herein to be observed and performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise, except as expressly provided herein or permitted hereby; (iv) the Authority, as security for the payment of the principal and Redemption Price, if any, of and the interest on the Bonds and as security for the observance and performance of any other duty, covenant, obligation or agreement of the Authority under this Bond Resolution, all in accordance with the provisions thereof and hereof, does hereby grant a security interest in and further does grant, bargain, sell, convey, pledge, assign and confirm to the Trustee the Trust Estate; (v) notwithstanding any other provision to the contrary herein, that portion of the pledge made in clause (iv) of this Section 1.04 to secure the payment of any redemption premium payable hereunder shall not include Deficiency Payments or Guaranty Payments; (vi) the pledge made hereby is valid and binding from the time when the pledge is made, and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and regardless of whether held by the Trustee, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof; and (vii) the Bonds shall be special and limited obligations of the Authority payable from and secured solely by a pledge of the Trust Estate as provided hereby.

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ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 2.01. Authorization of Bonds; Designation of Bonds of Series.

1. This Bond Resolution authorizes Bonds of the Authority to be designated as "County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 20__", which may be issued in one or more Series. The aggregate principal amount of the Bonds that may be executed, authenticated and delivered under this Bond Resolution is not limited except as may hereafter be provided in this Bond Resolution or as may be limited by law.

2. The Bonds may, if and when authorized by the Authority pursuant hereto or pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name "County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 20__", shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Neither the State, the County (except to the extent of the County Guaranty) nor any political subdivision thereof, other than the Authority (but solely to the extent of the Trust Estate), is obligated to pay the principal or Redemption Price, if any, of or the interest on the Bonds, and neither the full faith and credit nor the taxing power of the State, the County (except to the extent of the County Guaranty) or any political subdivision thereof, including the Authority (which has no taxing power), is pledged to the payment of the principal or Redemption Price, if any, of or the interest on the Bonds. The County Guaranty does not secure redemption premium, if any.

SECTION 2.02. General Provisions for Issuance of Bonds.

1. All (but not less than all) of the Bonds of each Series shall be executed by the Authority for issuance under this Bond Resolution and delivered to the Trustee, and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

(a) A copy of this Bond Resolution, certified by an Authorized Officer of the Authority.

(b) In the case of each Series of Additional Bonds, (1) a copy of the Supplemental Resolution authorizing such Series of Additional Bonds, certified by an Authorized Officer of the Authority, which shall, among other provisions, specify: (i) the authorized principal amount, designation and Series of such Additional Bonds; (ii) the purposes for which such Series of Additional Bonds are being issued, which shall be one of the purposes set forth in Section 2.04 hereof; (iii) the dated date and the maturity date or dates of such Series of Additional Bonds; (iv) the interest rate or rates of such Series of Additional Bonds and the initial Interest Payment Date therefor, provided that the interest rate shall be identical for all such Additional Bonds of like maturity; (v) the denominations of and the manner of dating, numbering and lettering such Series of Additional Bonds, provided that such Additional Bonds shall be in denominations of \$5,000 or

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forth in the Local Finance Board Application, and upon the advice of the Authority's Counsel and professional advisors, the addition to, deletion from or modification of any provision of this Bond Resolution as originally adopted on March 27, 2024, the contents of which Certificate may be incorporated in this Bond Resolution without compliance with any other provision herein, including, without limitation, Article XI hereof. The Authorized Officer executing any such Certificate shall report the substance of such Certificate to the Board at the Board's next public meeting.

(f) Such further documents, moneys and securities as are required by the provisions of Section 2.03 or 2.04 or Article XI hereof or by any Supplemental Resolution adopted pursuant to Article XI hereof.

2. All the Bonds of each such Series of like maturity shall be identical in all respects, except as to denominations, numbers and letters. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article 111 or Section 4.07 or 11.10 hereof.

SECTION 2.03. Series 2024 Bonds; Application of Proceeds and Other Funds.

1. One or more Series of Bonds entitled to the benefit, protection and security of this Bond Resolution is hereby authorized in the aggregate principal amount of not to exceed \$20,000,000 for the purpose of acquiring, constructing, renovating, installing, operating and maintaining the Housing Project as set forth in and in accordance with the terms of the Loan Agreement. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 2024". The Series 2024 Bonds shall be sold in accordance with Section 6.04 hereof and all applicable law.

2. The Series 2024 Bonds shall be dated, and shall bear interest from, their date of issuance, on the basis of a 360-day year consisting of twelve 30-day months, and shall otherwise be payable as provided in Section 3.01 hereof.

3. The Series 2024 Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. Unless the Authority shall otherwise direct, the Series 2024 Bonds shall be lettered and numbered from one upward in order of their maturity preceded by the letter "R" and such other letter as determined by the Trustee prefixed to the number. Subject to the provisions of this Bond Resolution, the form of the Series 2024 Bonds and the Trustee's certificate of authentication shall be substantially in the form set forth in Section 14.01 hereof. To the extent contemplated by the Certificate of an Authorized Officer of the Authority executed pursuant to Section 2.02(1)(e) hereof, the Series 2024 Bonds shall be lettered and numbered from one upward in order of their maturity preceded by the letter "R" and such other letter as determined by the Trustee prefixed to the number.

4. The principal and Redemption Price, if any, of the Series 2024 Bonds shall be payable at the Principal Office of the Paying Agent appointed pursuant to Section 10.02 hereof. The principal and Redemption Price, if any, of all Series 2024 Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent

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any integral multiple thereof as authorized by such Supplemental Resolution; (vi) the Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of and the interest on such Series of Additional Bonds; (vii) the Redemption Price or Prices, if any, and, subject to Article IV hereof, the redemption terms for such Series of Additional Bonds; (viii) the amount and due date of each Sinking Fund Installment, if any, for such Series of Additional Bonds of like maturity; (ix) the form of such Series of Additional Bonds and the Trustee's certificate of authentication, which shall be substantially in the form set forth in Section 14.01 hereof for the Series 2024 Bonds, with such variations, insertions or omissions as are appropriate and not inconsistent therewith; and (x) the provisions for the application of the proceeds of such Series of Additional Bonds; and (2) such other items required pursuant to the provisions of Section 2.05 hereof.

(c) An opinion of Bond Counsel to the effect that (i) the Authority has the right and power under the Act, as amended to the date of such opinion, to adopt this Bond Resolution; this Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, and constitutes a valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms; and no other authorization for this Bond Resolution is required; (ii) this Bond Resolution creates the valid pledge that it purports to create of the Trust Estate, subject only to the provisions of this Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Resolution; and (iii) the Authority is duly authorized and entitled to issue the Bonds of such Series; such Bonds have been duly and validly authorized and issued by the Authority in accordance with all applicable law, including the Act, as amended to the date of such opinion, and this Bond Resolution; and such Bonds constitute the valid and binding obligations of the Authority as provided in this Bond Resolution, enforceable against the Authority in accordance with their terms and the terms of this Bond Resolution, and are entitled to the benefits of the Act, as amended to the date of such opinion, and this Bond Resolution. Such opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and judicial discretion, and may state that no opinion is being rendered as to the availability of any particular remedy.

(d) A written order to the Trustee as to the delivery of such Bonds, signed by an Authorized Officer of the Authority.

(e) Notwithstanding any other provision to the contrary herein, in the case of the issuance of each Series of Series 2024 Bonds and where contemplated thereafter in accordance with the terms hereof, a Certificate of an Authorized Officer of the Authority setting forth (i) all of the items applicable to the Series 2024 Bonds that are detailed in subsection (b) above with respect to a Series of Additional Bonds, (ii) whether the Series 2024 Bonds will be issued in one or more Series, as contemplated by Section 2.03(1)(a) hereof, (iii) the final pricing terms of the Series 2024 Bonds, including interest rates, principal amortization and Sinking Fund Installments, payment dates and terms of redemption, all within the parameters of the Local Finance Board Application, (iv) the application of proceeds of the Series 2024 Bonds and other funding sources for the Housing Project (including the equity contribution of the Agency and/or the Corporation), (v) the terms of sale of the Series 2024 Bonds, within the parameters of the Local Finance Board Application, (vi) the entities that shall constitute the Trustee and the Paying Agent for the Series 2024 Bonds, and (vii) subject to the parameters set forth in the definition of Series 2024 Bonds and the terms set

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or Paying Agents as permitted by this Bond Resolution. Interest on the Series 2024 Bonds shall be payable by check or draft of the Paying Agent mailed or transmitted to the Holders thereof as the same appear as of the Record Date on the books of the Authority maintained by the Trustee. However, so long as the Series 2024 Bonds are held in book-entry form pursuant to Section 2.06 hereof, the provisions of said Section 2.06 shall govern payment of the principal and Redemption Price, if any, of and the interest on the Series 2024 Bonds.

5. (a) The Series 2024 Bonds shall be subject to optional redemption and/or mandatory sinking fund redemption to the extent provided in the Certificate of an Authorized Officer of the Authority executed pursuant to Section 2.02(1)(e) hereof. The Series 2024 Bonds shall not be subject to extraordinary optional redemption.

(b) Pursuant to the terms of the County Guaranty Agreement, under certain circumstances the County may direct the Authority to utilize this otherwise discretionary optional redemption feature set forth above. To the extent an Event of Default, as defined under the Loan Agreement, requires the County to make a payment of the principal of and interest on the Series 2024 Bonds under the County Guaranty, so long as the County is not in default under the County Guaranty Agreement, the County has the right to cause the Authority to refund all or a portion of the Series 2024 Bonds. To the extent the County were to exercise this right prior to the first optional call date for the Series 2024 Bonds, the County would be required to cause the Authority to defease the Series 2024 Bonds in accordance with Article XII of the Bond Resolution, in which case the Series 2024 Bonds would not be called for redemption until such first optional call date.

6. Upon the issuance of the Series 2024 Bonds, the net proceeds received from the sale thereof shall be deposited, in such amounts as shall be provided in the Certificate of an Authorized Officer of the Authority executed pursuant to Section 2.02(1)(e) hereof, as follows:

(a) There shall be deposited in the Costs of Issuance Account of the Administrative Fund a sum for application to the payment of certain Costs of Issuance incurred in connection with the issuance of the Series 2024 Bonds, including, without limitation, the fees for the Trustee and counsel;

(b) There shall be deposited in the Capitalized Interest Account of the Debt Service Fund a sum (if any) for application (together with interest earned thereon) to the payment of interest on the Series 2024 Bonds; and

(c) The remaining balance of the proceeds of the Series 2024 Bonds shall be deposited in the Corporation Account of the Project Fund, for application to the payment of Project Costs.

7. Upon the issuance of the Series 2024 Bonds, there shall also be deposited in the Corporation Account of the Project Fund such amount as shall be provided in the Certificate of an Authorized Officer of the Authority executed pursuant to Section 2.02(1)(e) hereof, representing the equity contribution of the Agency and/or the Corporation in respect of the Housing Project, for application to the payment of Project Costs.

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8. As and when received by the Trustee, the Capital Contribution shall be deposited in the Capital Contribution Account of the Project Fund, for application to the payment of Project Costs following depletion of the amounts in the Corporation Account of the Project Fund.

9. Upon the issuance of the Series 2024 Bonds, the Authority shall furnish to the Trustee:

(a) An opinion of Bond Counsel to the effect that, under existing law, interest on the Series 2024 Bonds and any gain on the sale thereof are excluded from gross income for purposes of the New Jersey Gross Income Tax Act.

(b) Opinions of Counsel to the effect that each of the Authority and the Corporation has the right and power under the Act, as amended to the date of such opinion, and any other applicable law to enter into the Loan Agreement; the Loan Agreement has been duly and lawfully authorized and executed by the Authority and the Corporation, is in full force and effect, and is valid and binding upon the Authority and the Corporation, enforceable against the Authority and the Corporation in accordance with its terms; and no other authorization for the Loan Agreement is required. Opinions of Counsel to the effect that each of the Authority and the County has the right and power under the Act, as amended to the date of such opinion, and any other applicable law to enter into the Guaranty Agreement; the Guaranty Agreement has been duly and lawfully authorized and executed by the Authority and the County, is in full force and effect, and is valid and binding upon the Authority and the County, enforceable against the Authority and the County in accordance with its terms; and no other authorization for the Guaranty Agreement is required. Such opinions may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and judicial discretion, and may state that no opinion is being rendered as to the availability of any particular remedy, but that such limitations do not make the rights and remedies of the Bondholders, taken as a whole, inadequate for the practical realization of the benefits of the Loan Agreement and the Guaranty Agreement.

SECTION 2.04. Purposes, Authorization and Description of Additional Bonds.

1. After the execution, authentication and delivery of the Series 2024 Bonds, Additional Bonds of the Authority may be authorized to be issued pursuant to and in accordance with the terms of the Act either (a) to refund any Bonds (including Additional Bonds) of the Authority or (b) to raise funds to pay the cost of the acquisition, construction, renovation or installation of part or parts of a Completion Project, including any deposit or increase into any Fund or Account that has been established by the terms of this Bond Resolution and that is incidental thereto or is deemed by the Authority to be necessary in connection therewith.

2. Any Series of Additional Bonds of the Authority shall be issued only after the authorization thereof by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Series of Additional Bonds. Such Supplemental Resolution shall state the purpose or purposes for which such Additional Bonds are being issued and shall direct the application of the proceeds that are to be derived from the sale of such Additional Bonds to such purpose or purposes and the execution and authentication thereof. Such Supplemental

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SECTION 2.05. Conditions Precedent to Issuance of Additional Bonds.

1. The Trustee shall not authenticate or deliver upon original issuance any Additional Bonds to the Authority or upon its order, unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee, among other things, the following:

(a) Copies of this Bond Resolution and the Supplemental Resolution of the Authority, certified by an Authorized Officer of the Authority and only to the extent adversely affecting the rights, duties and obligations of the Corporation, then additionally consented to in writing by an Authorized Officer of the Corporation, authorizing the issuance of such Additional Bonds, stating the purpose or purposes for the issuance of such Additional Bonds and otherwise conforming with the provisions of Section 2.04 hereof; and if such Additional Bonds are authorized for any purpose other than the refunding of Bonds, such Supplemental Resolution shall describe in brief and general terms the Completion Project to be financed by the issuance of such Additional Bonds.

(b) A copy of any Supplemental Resolution that has been duly adopted by the Authority, if required, certified by an Authorized Officer of the Authority, fixing the rate or rates of interest on such Additional Bonds and all other terms and provisions thereof that are not fixed by the terms of the Supplemental Resolution referred to in subparagraph (a) above or in this Bond Resolution.

(c) (i) a certificate of an Authorized Officer of each of the Authority and the Corporation to the effect that the Loan Agreement has been amended to cover the issuance of the Additional Bonds, but only to the extent Basic Loan Payments, and with respect to any Optional Prepayment or Mandatory Prepayment, Additional Loan Payments, shall be adjusted to provide a source of payment of the principal of, redemption premium, if any, and interest on Outstanding Bonds, (ii) a copy of such amended Loan Agreement, and (iii) a Certificate of an Authorized Officer of the Corporation, dated the date of issuance of such Additional Bonds, to the effect that all of the representations, warranties and covenants of the Corporation contained in the Loan Agreement are, as of such date, true, accurate and complete. If no such amendment to the Loan Agreement is required, a Counsel's opinion stating same shall be delivered to the Trustee.

(d) The written order of the Authority as to the delivery of such Additional Bonds signed by an Authorized Officer and stating the amount of the proceeds derived from the sale of such Additional Bonds.

(e) The amount, if any, stated in said written order as the amount of such proceeds that will be paid by the Authority to the Trustee for deposit in the Debt Service Fund, which amount shall be held by the Trustee in the Debt Service Fund.

(f) The amounts, if any, stated in said written order as the amounts of such proceeds that will be paid by the Authority to the Trustee for deposit in the Project Fund or in the Costs of Issuance Account or Administrative Expense Account in the Administrative Fund, as the case may be, which amounts shall be held by the Trustee in the Project Fund or in the Costs of Issuance Account or Administrative Expense Account in the Administrative Fund, as the case may be.

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Resolution shall fix and determine the date, principal amounts, denominations, designation and numbers thereof, the rate or rates of interest or maximum rate of interest to be borne thereby, the place or places of payment thereof, the redemption privileges of the Authority, if any, with respect thereto, the amount and date of each Sinking Fund Installment, if any, for the retirement of any Bonds and any other provisions thereof, all in accordance with the terms of this Bond Resolution. Upon such authorization, such Additional Bonds may, upon initial issuance, at one time or from time to time, be executed by or on behalf of the Authority and delivered to the Trustee for authentication by the Trustee as provided in this Bond Resolution, and thereafter such Additional Bonds shall be authenticated by the Trustee upon original issuance and, upon fulfillment of the applicable conditions set forth in Section 2.05 hereof, shall be delivered by the Trustee to the Authority or upon its order.

3. All Additional Bonds shall be substantially in the form and tenor of Bonds as provided in Section 14.01 hereof, except that, notwithstanding any other provision contained in this Bond Resolution to the contrary, such Bonds shall be issued in such principal amounts, shall be of such denominations, shall bear such dated date and such maturity dates, shall bear such designation as to Series, numbers or symbols prefixed to their numbers distinguishing them from each other Bond, shall be subject to redemption prior to their maturity on such terms and conditions that are consistent with the provisions of this Bond Resolution, shall bear interest at such rate or such different or varying rates of interest per annum, and shall be payable at such time or times as may be fixed by the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds or by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of such Additional Bonds, as the case may be.

4. All Additional Bonds that are authorized by any Supplemental Resolution of the Authority shall constitute Bonds of a single Series. No bonds, notes or other obligations of the Authority shall constitute Additional Bonds unless they are authenticated by the Trustee as provided in this Bond Resolution, nor shall such Additional Bonds be entitled to any right or benefit under the terms of this Bond Resolution unless they are so authenticated, and no Additional Bond shall be valid and obligatory for any purpose of this Bond Resolution *unless* said Additional Bond shall have been so authenticated.

5. After their authentication and delivery by the Trustee upon original issuance, all Additional Bonds shall for all purposes hereof be deemed to constitute Bonds, shall be entitled to the pledge of the Trust Estate provided by this Bond Resolution, and shall have equal rank with the Outstanding Series 2024 Bonds and any Outstanding Additional Bonds previously authenticated and delivered, and, except as provided in the definition of "Trust Estate" contained in Section 1.01 of this Bond Resolution, such Additional Bonds shall be entitled to the security and benefit of such pledge and of the provisions of this Bond Resolution.

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

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(g) If such Additional Bonds are authorized for the purpose described in clause (a) of paragraph (1) of Section 2.04 hereof, the amount of such proceeds that will remain after deducting the amounts, if any, to be paid to the Trustee in accordance with the terms of subparagraphs (e) and (f) above.

(h) If such Additional Bonds are authorized for the purpose described in clause (b) of paragraph (1) of Section 2.04 hereof, a Certificate of an Authorized Officer of the Authority stating (i) the opinion that the improvement described in such Supplemental Resolution constitutes a Completion Project, (ii) that the improvement for which Additional Bonds are to be issued is part of a Project for which Bonds had theretofore been issued, (iii) the amount of proceeds to be deposited in the Project Fund, if any, and (iv) that such proceeds, together with any other funds of the Authority or otherwise that are then available or are expected to be available therefor, will be sufficient, in his opinion, to pay the Costs of the completion of the acquisition, construction, renovation or installation of said improvement.

(i) An opinion of Bond Counsel approving the form of the Supplemental Resolution authorizing the issuance of the Additional Bonds and stating that (i) its terms and provisions conform to the requirements of the Act and this Bond Resolution, (ii) the order, certificates and amounts of money to be delivered or paid to the Trustee in accordance with the provisions of this Section 2.05 constitute compliance with the conditions hereinabove stated for the authentication and delivery of such Additional Bonds, (iii) all of the conditions precedent to the authentication and delivery of the Additional Bonds have been satisfied, and (iv) the Trustee may lawfully authenticate the Additional Bonds upon their original issuance.

(j) If the Additional Bonds are insured, a copy of any municipal bond insurance policy issued with respect to such Additional Bonds.

(k) Any additional documents that are required to be executed and delivered pursuant to the terms of any contract executed by or on behalf of the Authority in connection with the sale of Additional Bonds, unless the execution and delivery of such additional documents have been waived by the purchaser of such Additional Bonds.

(l) Such other documents as may be required by a Supplemental Resolution of the Authority duly adopted prior to the authentication and delivery of the Additional Bonds, or as may be required by a Certificate of an Authorized Officer of the Authority executed in connection with the sale of such Additional Bonds.

2. If such Additional Bonds are authorized for the purpose described in clause (b) of paragraph (1) of Section 2.04 hereof, the Trustee shall deposit in the Project Fund the proceeds derived from the sale of such Additional Bonds issued for the Completion Project. The moneys so deposited shall be applied by the Authority and the Trustee to pay the Costs of the improvements described in the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds.

3. If such Additional Bonds are authorized for the purpose described in clause (a) of paragraph (1) of Section 2.04 hereof, the Trustee shall deposit, at the direction of the Authority, (i) in the Costs of Issuance Account in the Administrative Fund an amount sufficient to pay the Costs

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of Issuance of such Additional Bonds, (ii) such other amounts not to be used for the refunding of such Bonds, if any, in such Funds and Accounts in accordance with the terms of the Supplemental Resolution, and (iii) the remaining proceeds derived from the sale of such Additional Bonds to the refunding of such Bonds in accordance with the terms of the Supplemental Resolution of the Authority authorizing the issuance of such Additional Bonds.

SECTION 2.06. Book-Entry System.

1. Except as provided in subparagraph (3) of this Section 2.06, the Registered Owner of all of the Series 2024 Bonds shall be, and the Series 2024 Bonds shall be registered in the name of, Cede & Co., as nominee for DTC. Payment of interest on any Series 2024 Bond shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Dates for the Series 2024 Bonds at the address indicated for Cede & Co. in the registry books of the Authority kept by the Trustee.

2. The Series 2024 Bonds shall be issued initially in the form of a separate, single, fully-registered Bond in the amount of each stated maturity of the Series 2024 Bonds. Upon initial issuance, the ownership of each such Series 2024 Bond shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC. With respect to Series 2024 Bonds registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, the Authority and any Fiduciary shall have no responsibility or obligation to any participant or to any beneficial owner of such Series 2024 Bonds. Without limiting the immediately preceding sentence, the Authority and any Fiduciary shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any participant with respect to any beneficial ownership interest in the Series 2024 Bonds, (ii) the delivery to any participant, any beneficial owner or any other person, other than DTC, of any notice with respect to the Series 2024 Bonds, including any notice of redemption, or (iii) the payment to any participant, any beneficial owner or any other person, other than DTC, of any amount with respect to the principal or Redemption Price, if any, of or the interest on the Series 2024 Bonds. The Authority and any Fiduciary may treat DTC as, and deem DTC to be, the absolute Owner of each Series 2024 Bond for the purpose of payment of the principal or Redemption Price, if any, of and the interest on each such Series 2024 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2024 Bonds, for the purpose of registering transfers with respect to such Series 2024 Bonds and for all other purposes whatsoever. The Paying Agent shall pay all principal or Redemption Price, if any, of and all interest on the Series 2024 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy and discharge fully the Authority's obligations with respect to the principal or Redemption Price, if any, of and the interest on the Series 2024 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive a Series 2024 Bond evidencing the obligation of the Authority to make payments of principal or Redemption Price, if any, of and interest on the Series 2024 Bonds pursuant to this Bond Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the term "Cede & Co." in this Bond Resolution shall refer to such new nominee of DTC.

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ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 3.01. Medium of Payment; Form and Date; Letters and Numbers.

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

2. The Bonds of each Series shall be issued only in the form of fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds of each Series shall be in substantially the form set forth in Section 14.01 hereof or substantially in the form set forth in a Supplemental Resolution authorizing such Series.

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

Bonds of each Series issued on the date of original issuance shall be dated and bear interest from the date set forth in this Bond Resolution or in a Supplemental Resolution authorizing such Series of Bonds. Bonds of each Series issued after the date of original issuance shall be dated as of the date of authentication thereof by the Trustee. Interest on each Bond shall be payable from the most recent Interest Payment Date next preceding the date of such Bond to which interest has been paid, unless the date of such Bond is an Interest Payment Date to which interest has been paid, in which case interest shall be payable from such date, or unless the date of such Bond is prior to the first Interest Payment Date on the Bonds, in which case interest shall be payable from the earliest date on which interest shall have accrued on such Series of Bonds, or unless the date of such Bond is between the Record Date and the next succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date.

4. The principal and Redemption Price, if any, of and the interest on each Series of Bonds shall be payable as provided in this Bond Resolution or in a Supplemental Resolution relating to such Series of Bonds.

SECTION 3.02. Legends.

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

SECTION 3.03. Execution and Authentication.

1. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the Chairman or other Authorized Officer of the Authority, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced

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3. (a) DTC may determine to discontinue providing its services with respect to the Series 2024 Bonds at any time by giving written notice to the Authority and the Fiduciaries and discharging its responsibilities with respect thereto under applicable law.

(b) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2024 Bonds if the Authority so determines, and shall terminate the services of DTC with respect to the Series 2024 Bonds upon receipt by the Authority and the Fiduciaries of written notice from DTC to the effect that DTC has received written notice from participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Series 2024 Bonds and further to the effect that: (i) DTC is unable to discharge its responsibilities with respect to the Series 2024 Bonds; or (ii) a continuation of the requirement that all of the Outstanding Series 2024 Bonds be registered in the registration books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, is not in the best interests of the beneficial owners of the Series 2024 Bonds.

(c) Upon the termination of the services of DTC with respect to the Series 2024 Bonds pursuant to subsection 2.06(3)(b)(ii) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series 2024 Bonds pursuant to subsection 2.06(3)(a) or subsection 2.06(3)(b)(i) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found that, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Series 2024 Bonds shall no longer be restricted to being registered in the registration books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Series 2024 Bonds shall so designate, all in accordance with the provisions of Article II hereof.

4. Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Series 2024 Bond is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to the principal or Redemption Price, if any, of and the interest on such Series 2024 Bond and all notices with respect thereto shall be made and given, respectively, to DTC as provided in the representation letter of the Authority addressed to DTC with respect to the Series 2024 Bonds.

5. In connection with any notice or other communication to be provided to Bondholders by the Authority or the Trustee pursuant to this Bond Resolution with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and shall give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date, to the extent possible.

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thereon and attested by the manual or facsimile signature of the Secretary, Assistant Secretary or other Authorized Officer of the Authority, or in such other manner as may be required or permitted by law. In case any one or more of the Authorized Officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Authority by such persons who, at the time of the execution of such Bonds, shall be duly authorized or shall hold the proper office in the Authority, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

2. The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in this Bond Resolution or in a Supplemental Resolution authorizing such Series of Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Bond Resolution, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Bond Resolution and that the Holder thereof is entitled to the benefits of this Bond Resolution.

SECTION 3.04. Transfer and Registry.

1. Each Bond shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the Principal Office of the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the Authority shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series and maturity as the surrendered Bond.

2. The Authority and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Authority as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and the interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary.

SECTION 3.05. Regulations With Respect to Exchanges and Transfers.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Authority shall execute, and the Trustee shall authenticate and deliver, Bonds in accordance with the provisions of this Bond Resolution. All Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any administrative costs associated with any exchange or transfer and for any tax,

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fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Authority nor the Trustee shall be required (a) to transfer or exchange Bonds for a period beginning on the Record Date next preceding an Interest Payment Date for the Bonds and ending on such Interest Payment Date, or for a period of fifteen (15) days (or such lesser period as may be specified in a Supplemental Resolution for a particular Series of Bonds) next preceding the date of any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption, or (b) to transfer or exchange any Bonds called or tendered for redemption.

SECTION 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.

In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost (i) in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or (ii) in lieu of and in substitution for the Bond so destroyed, stolen or lost upon filing with the Trustee evidence satisfactory to the Authority that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority may prescribe and paying such expenses as the Authority and the Trustee may incur. All mutilated Bonds so surrendered to the Trustee shall be canceled by it. Any such new Bonds issued pursuant to this Section 3.06 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and such Bonds shall be equally secured by, and entitled to equal and proportionate benefits with all other Bonds issued under this Bond Resolution in, any moneys or securities held by the Authority or any Fiduciary for the benefit of the Bondholders.

SECTION 3.07. Temporary Bonds.

1. Until the definitive Bonds of any Series are prepared in the form required by the Authority, the Authority may execute, in the same manner as is provided in Section 3.03 hereof, and the Trustee shall authenticate and deliver, in lieu of definitive Bonds but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority, at its own expense, shall prepare and execute, and upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof (but at the expense of the Authority), deliver in exchange therefor, definitive Bonds of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Bond Resolution.

2. All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

ARTICLE IV

REDEMPTION OF BONDS PRIOR TO MATURITY

SECTION 4.01. Privilege of Redemption and Redemption Price.

Bonds subject to redemption prior to maturity pursuant to this Bond Resolution shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in this Bond Resolution, the Certificate of an Authorized Officer of the Authority referred to in Section 2.02(1)(c) hereof or any Supplemental Resolution authorizing such Series of Bonds.

SECTION 4.02. Optional Redemption.

1. The Series 2024 Bonds shall be subject to optional redemption in accordance with the provisions of this Bond Resolution, including, without limitation, Section 2.03(5) hereof, and any other Series of Bonds may be subject to optional redemption in accordance with the terms of a Supplemental Resolution and this Article IV.

2. In the case of any redemption of Bonds at the election of the Authority, the Authority shall give written notice to the Trustee of its election or direction to so redeem, of the redemption date and of the principal amounts of the Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in this Bond Resolution).

3. (a) In the case of any redemption of Bonds at the election of the Authority at the direction of the Corporation pursuant to the terms of the Loan Agreement (including without limitation the payment by the Corporation of any Optional Prepayment as an Additional Loan Payment thereunder), the Corporation shall give written notice to the Authority of its direction to so redeem, of the redemption date and of the principal amounts of the Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in this Bond Resolution).

(b) In the case of any redemption of any Additional Bonds at the election of the Authority, at the direction of the County pursuant to the terms of the County Guaranty, the County shall give written notice to the Authority, with a copy to the Trustee, of the County's direction to so redeem, of the redemption date and of the principal amounts of such Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed shall be determined by the County in its sole discretion, subject to any limitations with respect thereto contained in this Bond Resolution and the County Guaranty Agreement).

4. Such notice required under subsection (2) or (3)(a) of this Section 4.02 shall be given at least forty-five (45) days prior to the redemption date or such shorter period as shall be agreed to in writing by the Trustee or the Authority, as the case may be. In the event notice of redemption shall have been given as provided in Section 4.05 hereof, the Authority shall pay or require the Corporation to pay (in accordance with the terms of the Loan Agreement) to the Trustee

SECTION 3.08. Cancellation and Destruction of Bonds.

All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Trustee, which shall execute a certificate of destruction in duplicate by the signature of one of its Authorized Officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Trustee.

SECTION 3.09. Parties Interested Herein.

Nothing in this Bond Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Authority, the County, the Trustee, the Paying Agent and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Bond Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the County, the Trustee, the Paying Agent and the Registered Owners of the Bonds. Accordingly, nothing in this Bond Resolution expressed or implied is intended or shall be construed to confer upon, or to give to any other Interested Party any right, remedy or claim under or by reason of this Bond Resolution or any covenant, condition or stipulation hereof.

on or prior to the redemption date an amount in cash that, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

SECTION 4.03. Redemption by Trustee.

Whenever, by the terms of this Bond Resolution, the Trustee is required to redeem Bonds otherwise than at the election or direction of the Authority or the Corporation or the County, the Trustee shall select the Bonds to be redeemed, give the notice of redemption as provided in Section 4.05 hereof and pay the Redemption Price thereof out of moneys available therefor, plus interest accrued and unpaid to the redemption date, to the Paying Agent in accordance with the terms of this Article IV and, to the extent applicable, Article V hereof.

SECTION 4.04. Selection of Bonds to be Redeemed.

1. If less than all of the Bonds of like maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof, and that, in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum denomination in which Bonds of such Series are authorized to be Outstanding after the redemption date.

2. If less than all of the Outstanding Bonds that are stated to mature on different dates are called for redemption at one time on any given redemption date occasioned by the payment of any Optional Prepayment by the Corporation in accordance with the terms of the Loan Agreement, an Authorized Officer of the Corporation shall designate, by maturity, those Bonds that are to be redeemed on any such redemption date by delivering to the Trustee not earlier than sixty (60) days and not later than forty-five (45) days prior to any such redemption date a Certificate detailing such maturities and the amounts to be redeemed within each such maturity. If the Trustee has not received the Corporation's Certificate by such forty-fifth (45th) day, or if the redemption is occurring other than by payment of any Optional Prepayment by the Corporation in accordance with the terms of the Loan Agreement, the Trustee shall select the Bonds to be redeemed in the same manner as those Bonds selected in accordance with Section 4.04(1) hereof.

SECTION 4.05. Notice of Redemption.

When Bonds of a Series have been selected for redemption pursuant to any provision of this Bond Resolution, the Trustee shall give written notice of the redemption of such Bonds in the name of the Authority at the times specified in the second paragraph of this Section 4.05, which notice shall set forth: (1) the Series of Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Bonds will be redeemed at the Principal Office of the Paying Agent, (v) if less than all of such Bonds shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed, and (vi) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Such notice

shall further state that on the redemption date there shall become due and payable the Redemption Price of all Bonds to be redeemed, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue and be payable. In case any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall also state that on or after the redemption date, upon surrender of such Bond, the Holder thereof shall be entitled to a new Bond or Bonds of the same Series bearing interest at the same rate and in the aggregate principal amount equal to the unredeemed portion of such Bond.

The notice required to be given by the Trustee pursuant to this Section 4.05 shall be sent by first-class mail to the Registered Owners of the Bonds to be redeemed, at their addresses as they appear on the registration books of the Authority, not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date. The failure to give notice of the redemption of any Bond or portion thereof to the Registered Owner of such Bond as herein provided or as provided in Section 4.06(2) hereof shall not affect the validity of the proceedings for the redemption of any Bonds for which notice of redemption has been given in accordance with the provisions of this Section 4.05.

SECTION 4.06. Payment of Redeemed Bonds.

1. On the date designated for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or the portions thereof called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds or such portions thereof on such date. If moneys for the payment of the Redemption Price and the accrued interest to the redemption date are held in a separate account by the Trustee in trust for the Holders of such Bonds, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue and be payable, such Bonds or such portions thereof shall cease to be entitled to any benefit or security under this Bond Resolution, and the Holders of such Bonds or such portions thereof shall have no rights in respect thereof, except to receive payment of the Redemption Price thereof and the accrued interest thereon and, to the extent provided in Section 4.07 hereof, to receive Bonds for any unredeemed portions of Bonds.

2. With respect to any Bonds to be redeemed that have not been presented for redemption within sixty (60) days after the redemption date, the Trustee, at the expense of the Corporation for any redemption occasioned by the payment of any Optional Prepayment by the Corporation in accordance with the terms of the Loan Agreement, and at the expense of the Authority, if otherwise, shall give a second notice of redemption by registered mail to the Registered Owners of any such Bonds not presented for redemption.

SECTION 4.07. Redemption of Portions of Bonds.

In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond to the Paying Agent on or after the redemption date for payment of the principal amount thereof so called for redemption and accrued interest thereon, the Authority shall execute and the Trustee shall authenticate and deliver to or upon the order of the Registered Owner thereof or his attorney or legal representative, without charge therefor, a new Bond or Bonds of the same Series, bearing interest at the same rate and in any denomination or

denominations authorized by this Bond Resolution in the aggregate principal amount equal to the unredeemed portion of such Bond.

ARTICLE V

REVENUES AND FUNDS

SECTION 5.01. Creation of Funds and Accounts.

1. Project Fund, to be held by the Trustee, which shall consist of a Corporation Account and a Capital Contribution Account, and which Capital Contribution Account is not subject to the pledge of the Trust Estate to the Trustee for the benefit of the Bondholders.

2. Administrative Fund, to be held by the Trustee, which shall consist of a Costs of Issuance Account and an Administrative Expense Account, and which Fund and Accounts are not subject to the pledge of the Trust Estate to the Trustee for the benefit of the Bondholders.

3. Revenue Fund, to be held by the Trustee.

4. Debt Service Fund, to be held by the Trustee, which shall consist of a Capitalized Interest Account, an Interest Account, a Principal Account and, in the event of any Optional Prepayment or Mandatory Prepayment, a separate account in respect thereof. A Supplemental Resolution may establish an Account or subaccount for capitalized interest for any Series of Bonds other than the Series 2024 Bonds, if applicable.

5. Operating Reserve Fund, to be held by the Trustee.

6. Replacement Reserve Fund, to be held by the Trustee.

7. Rebate Fund, to be held by the Trustee, which Fund is not subject to the pledge of the Trust Estate to the Trustee, for the benefit of the Bondholders.

8. General Fund, to be held by the Trustee.

9. There shall be no other Fund or Account established under the Bond Resolution, including without limitation a rebate fund or account, unless created by Supplemental Resolution.

Each of the Funds and Accounts created by this Bond Resolution, other than the Capital Contribution Account of the Project Fund, the Administrative Fund, and the Rebate Fund, is hereby pledged to, and charged with, the payment of the principal or Redemption Price, if any, of and the interest on the Bonds as the same shall become due.

SECTION 5.02. Project Fund.

1. (a) There shall be deposited in the Corporation Account of the Project Fund (a) from the proceeds of the Series 2024 Bonds, the amounts set forth in Section 2.03(6)(c) hereof, (b) from the equity contribution of the Agency and/or the Corporation in respect of the Housing Project, the amount set forth in Section 2.03(7) hereof, and (c) from the proceeds of each Series of Additional Bonds for a Completion Project, the amounts set forth for deposit therein pursuant to the Supplemental Resolutions authorizing the issuance of each such Series of Additional Bonds. The Corporation may, at its option in its sole discretion, determine to pay for any additional Project

Costs by making an additional equity contribution or causing a third party to deposit funds with the Trustee, by the Corporation any such deposit with a Certificate of an Authorized Officer of the Corporation (acknowledged by the Authority as to form only) delivered by or on behalf of the Corporation to the Trustee.

(b) There shall be deposited from time to time in the Capital Contribution Account of the Project Fund, upon receipt thereof by the Trustee, the Capital Contribution (or portion thereof) paid by the County in respect of the Housing Project pursuant to Section 2.03(8) hereof and the terms of the Subsidy and Deficiency Agreement.

2. The Trustee shall make payments, if any, from the Project Fund for Costs of the Housing Project in the amounts, at the times on each Draw Date, in the manner and on the other terms and conditions set forth in this Section 5.02(a) and Section 510 and 511 of the Loan Agreement; provided, however, that the Corporation Account of the Project Fund shall be fully depleted prior to any withdrawal from the Capital Contribution Account of the Project Fund. Before any payment from the Project Fund shall be made, the Corporation shall file with the Trustee the Draw Papers therefor (executed by the Corporation that the Project Cost has been incurred in accordance with the Plans and Specifications therefor, and acknowledged as to form only by the Authority), which Draw Papers shall be in substantially the form set forth as Exhibit C to the Loan Agreement. The Trustee shall issue a copy of such Draw Papers to the Authority, and thereupon promptly issue the Trustee's check for each payment required by such Draw Papers to or on behalf of the Corporation as directed by the Corporation in writing, or the Trustee shall, by interbank transfer or other method, arrange to make and promptly make the payment required by such Draw Papers to or on behalf of the Corporation as directed by the Corporation in writing.

3. (a) In accordance with the terms of the Loan Agreement and this Bond Resolution, the Corporation shall file with the Trustee the Completion Certificate in the form set forth as Exhibit B to the Loan Agreement, signed by an Authorized Officer of the Corporation with respect to the Housing Project or, where applicable, any Completion Project, when (A) the Corporation has submitted all Draw Papers respecting Costs of the Housing Project or the Completion Project, if any, to be paid from the Project Fund that are eligible to be approved, (B) the Housing Project or Completion Project, as the case may be, has been designed, acquired, constructed, renovated and installed in accordance with the Plans and Specifications therefor, and (C) the Housing Project or Completion Project, as the case may be, has been accepted by the Corporation. The Completion Certificate shall not be filed by the Corporation with the Trustee until such Certificate shall be further acknowledged by an Authorized Officer of the Authority as to form only.

(b) Upon the filing by the Corporation of the Completion Certificate, as duly acknowledged by the Authority, the Trustee shall thereupon (i) transfer any remaining funds then on deposit in the Capital Contribution Account of the Project Fund to the County (which transfer shall be considered a return of the Capital Contribution), and (ii) transfer any remaining funds then on deposit in the Corporation Account of the Project Fund as follows:

First, to the County, as reimbursement for any payments theretofore made by the County (and not yet reimbursed to the County) in respect of principal of and/or interest on

the Series 2024 Bonds paid by the County under the County Guaranty and/or the Deficiency Agreement; and

Second, to the extent of any remaining balance in the Corporation Account of the Project Fund, to such Funds and Accounts as the Authority shall direct in a Certificate of an Authorized Officer of the Authority subsequently delivered to the Trustee and approved by the Corporation (which approval shall not be unreasonably withheld).

4. In the case of the Series 2024 Bonds and any Series of Additional Bonds issued as Tax-exempt Bonds, the Authority shall cause the Corporation to issue any Draw Papers and Completion Certificate on such terms additional to the requirements of this Section 5.02 as shall be required by Bond Counsel as set forth in the provisions of the Tax Certificate for such Series of Bonds.

SECTION 5.03. Administrative Fund.

1. In addition to the amounts deposited in the Costs of Issuance Account from the proceeds of the Series 2024 Bonds pursuant to Section 2.03(6)(a) hereof, there shall be deposited in the Accounts within the Administrative Fund from the proceeds of each Series of Additional Bonds the amounts set forth for deposit therein pursuant to the Supplemental Resolutions authorizing the issuance of each such Series of Additional Bonds.

2. (a) The Authority shall direct the Trustee, in writing, to make payments from the Costs of Issuance Account in the manner and on the terms and conditions as the Authority shall determine to be fair and reasonable in the payment of the particular items of the Costs of Issuance relating to a particular Series of Bonds and, with respect to any Series of Additional Bonds that constitute Tax-exempt Bonds, in accordance with the provisions of the Tax Certificate. With respect to Costs of Issuance incurred on behalf of the Corporation for which either direct payment or reimbursement is being sought, such terms and conditions shall include, at a minimum, a Certificate of an Authorized Officer in the form required by the Loan Agreement to the effect that any such Cost of Issuance for which payment is sought (i) constitutes a Cost of Issuance hereunder, (ii) has been properly incurred in accordance with all applicable law, and (iii) is evidenced by a proper invoice attached to said Certificate.

(b) Upon the payment of all Costs of Issuance as evidenced by a Certificate of an Authorized Officer of the Authority to such effect, the amounts remaining in the Costs of Issuance Account, if any, shall be applied as follows:

First, to the County, as reimbursement for any payments theretofore made by the County (and not yet reimbursed to the County) in respect of principal of and/or interest on the Series 2024 Bonds paid by the County under the County Guaranty and/or the Deficiency Agreement; and

Second, to the extent of any remaining balance in the Costs of Issuance Account of the Administrative Fund, to such Funds and Accounts as the Authority shall direct in a Certificate of an Authorized Officer of the Authority subsequently delivered to the Trustee and approved by the Corporation (which approval shall not be unreasonably withheld).

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(d) To the Principal Account of the Debt Service Fund, an amount equal to the Principal Portion of the Basic Loan Payment payable by the Corporation on the next succeeding Basic Loan Payment Date, less any amount then on deposit in the Principal Account resulting from investment income and/or transfers from other Funds and Accounts; provided, however, that notwithstanding the foregoing, the deposit made to the Principal Account by the twenty-fifth (25th) day of the month immediately preceding a Principal Payment Date shall be at least equal to the difference between the amount already on deposit in the Principal Account and the principal (including Sinking Fund Installments) payable on the Bonds on such Principal Payment Date;

(e) To the Replacement Reserve Fund, an amount equal to the Replacement Reserve Deposit Amount in respect of the next succeeding Basic Loan Payment Date;

(f) To the Rebate Fund, the amount necessary in each year so as to meet the Rebate Amount pursuant to Section ___ of the Loan Agreement, as set forth in writing by the Corporation to the Authority and the Trustee; and

(g) To the General Fund, the balance, if any.

2. On each date on which the Trustee receives Additional Loan Payments from the Corporation allocable to any Optional Prepayment or Mandatory Prepayment, the Trustee shall deposit each such Additional Loan Payment made by the Corporation pursuant to the terms of the Loan Agreement for immediate credit to a special account to be established within the Debt Service Fund to provide for payment of debt service on the corresponding optional redemption or mandatory redemption, as applicable, of the Bonds.

3. In the event the County makes payment of all or a portion of the principal of and interest on the Series 2024 Bonds under the County Guaranty and/or the Deficiency Agreement, then, until such time as the County is fully reimbursed for such payment(s), the amount so paid by the County shall be considered to constitute unpaid interest, principal and/or Sinking Fund Installments for purposes of the required deposits to the Interest Account and Principal Account of the Debt Service Fund, and the amounts to be deposited into said Accounts pursuant to paragraph 1 of this Section 5.05 shall be increased accordingly so that reimbursement to the County for such payments may be effected by means of payments from the Interest Account and Principal Account, respectively.

4. The Trustee shall keep records and accounts with respect to the Revenue Fund so that all amounts received by the Trustee from the Corporation under the Loan Agreement can be properly designated as (i) the Interest Portion of Basic Loan Payments or the Principal Portion of Basic Loan Payments and (ii) other amounts payable under the Loan Agreement as Additional Loan Payments (including those attributable to the Purchase Option Price or Mandatory Purchase Price) or investment earnings attributable to such amounts, provided that Basic Loan Payments shall be applied to the Interest Portion prior to the Principal Portion.

SECTION 5.06. Debt Service Fund.

1. (a) On each Interest Payment Date of the Outstanding Bonds of any Series, the Trustee shall withdraw from the Capitalized Interest Account, if so designated, and the Interest Account in the Debt Service Fund amounts equal in the aggregate to the interest due on such Bonds

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3. (a) From time to time, the Trustee shall invoice the Corporation for all Administrative Expenses not provided for from a portion of the proceeds of a Series of Bonds, if any, and that are approved by the Authority, promptly after the receipt by the Trustee of a Certificate of an Authorized Officer of the Authority delivered to the Trustee to such effect.

(b) The Corporation shall pay to the Trustee as Additional Loan Payments under the Loan Agreement, for deposit in the Revenue Fund, all amounts due as Administrative Expenses, at the times set forth herein or in the Loan Agreement, as the case may be.

(c) Upon the deposit of funds into the Administrative Expense Account pursuant to Section 5.05(1)(a) hereof, the Trustee shall promptly make payment from the Administrative Expense Account of the amounts due as Administrative Expenses to the parties (including the Trustee) on whose behalf such payments were made.

SECTION 5.04. Revenues.

All Revenues, including all HAP Payments (whether transferred from the Collection Account or paid by the Agency directly to the Trustee for the account of the Corporation), shall be promptly deposited by the Trustee to the credit of Revenue Fund, and all transfers from such Fund shall be made only in accordance with this Article V.

SECTION 5.05. Revenue Fund.

1. Section 301 of the Loan Agreement requires that all Revenues shall be deposited when received from the Corporation in the Collection Account, and such amounts shall be transferred by the Corporation (if the Collection Account is maintained at a financial institution other than the Trustee) or the Trustee, daily for deposit into the Revenue Fund. The Trustee shall transfer or disburse all funds in the Revenue Fund on the twenty-fifth (25th) day of each month (except as otherwise provided below) in the following amounts and order of priority:

(a) To the Administrative Expense Account, the amount required to pay Administrative Expenses as provided in Section 5.03(c) hereof;

(b) To the Corporation, for deposit in the Operating Account established under the Loan Agreement, an amount equal to the budgeted expenditures for the operation of the Housing Project for the following month as set forth in the Operating Budget provided to the Authority and the Trustee by the Corporation pursuant to Section ___ of the Loan Agreement;

(c) To the Interest Account of the Debt Service Fund, an amount equal to the Interest Portion of the Basic Loan Payment payable by the Corporation on the next succeeding Basic Loan Payment Date, less (i) any amount then on deposit in the Capitalized Interest Account and available for payment thereof and (ii) any amount then on deposit in the Interest Account resulting from investment income and/or transfers from other Funds and Accounts; provided, however, that notwithstanding the foregoing, the deposit made to the Interest Account by the twenty-fifth (25th) day of the month immediately preceding an Interest Payment Date shall be at least equal to the difference between the amount already on deposit in the Interest Account and the interest payable on the Bonds on such Interest Payment Date;

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on such Interest Payment Date. Such moneys shall be transferred from the Trustee to the Paying Agent and applied by the Paying Agent to the payment of such interest to the Holders as of the Record Date, all in accordance with the terms of this Bond Resolution.

(b) If, by 9:00 a.m. Eastern Standard Time ("EST") one (1) month prior to any Interest Payment Date, the Trustee has determined that there are insufficient funds in the Interest Account in the Debt Service Fund (after taking into account any moneys earmarked for transfer therein from the Revenue Fund and all other amounts available hereunder for transfer into the Interest Account in the Debt Service Fund) to pay the full amount of interest due and owing on such Bonds on such Interest Payment Date, the Trustee shall immediately notify the Authority, the Corporation, the County and the Paying Agent of such deficiency. The Trustee shall continue to notify such entities of any continuing deficiency on a weekly basis, with the final notification being 9:00 a.m. EST on any such Interest Payment Date.

(c) The County shall timely satisfy any such deficiency remaining as of 10 a.m. on any such Interest Payment Date, by immediately making a payment under the County Guaranty (in accordance with the terms of the County Guaranty Agreement) in the amount of any continuing deficiency in immediately available funds to the Trustee for deposit in the Interest Account in the Debt Service Fund. Such moneys shall be transferred from the Trustee to the Paying Agent and applied by the Paying Agent to the payment to Holders as of the Record Date of such interest due on such Bonds on such Interest Payment Date in accordance with this Bond Resolution. The Authority and the Trustee shall enforce the provisions of the County Guaranty to the extent the County fails, for whatever reason, to promptly act in accordance with the terms thereof.

2. (a) On each Principal Payment Date of the Outstanding Bonds of any Series, the Trustee shall withdraw from the Principal Account in the Debt Service Fund amounts equal in the aggregate to the principal (including any Sinking Fund Installment) or Redemption Price, as applicable, due on such Bonds on such Principal Payment Date. Such moneys shall be transferred from the Trustee to the Paying Agent and applied by the Paying Agent to the payment of such principal (including any Sinking Fund Installment) or Redemption Price, as applicable, to the Holders as of the Record Date, all in accordance with the terms of this Bond Resolution.

(b) If, by 9:00 a.m. EST one (1) month prior to any Principal Payment Date, the Trustee has determined that there are insufficient funds in the Principal Account in the Debt Service Fund (after taking into account any moneys earmarked for transfer therein from the Revenue Fund and all other amounts available hereunder for transfer into the Principal Account in the Debt Service Fund) to pay the full amount of principal (including any Sinking Fund Installment) or Redemption Price, as applicable, due and owing on such Bonds on such Principal Payment Date, the Trustee shall immediately notify the Authority, the Corporation, the County and the Paying Agent of such deficiency. The Trustee shall continue to notify such entities of any continuing deficiency on a weekly basis, with the final notification being 9:00 a.m. EST on any such Principal Payment Date.

(c) The County shall timely satisfy any such deficiency remaining as of 10 a.m. on any such Principal Payment Date, by immediately making a payment under the County Guaranty (in accordance with the terms of the County Guaranty Agreement) in the amount of any continuing deficiency in immediately available funds to the Trustee for deposit in the Principal

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Account in the Debt Service Fund. Such moneys shall be transferred from the Trustee to the Paying Agent and applied by the Paying Agent to the payment to Holders as of the Record Date of such principal (including any Sinking Fund Installment) or Redemption Price, as applicable, due on such Bonds on such Principal Payment Date in accordance with this Bond Resolution. The Authority and the Trustee shall enforce the provisions of the County Guaranty to the extent the County fails, for whatever reason, to promptly act in accordance with the terms thereof.

3. To the extent the County makes payment of all or a portion of the principal of and interest on the Series 2024 Bonds under the County Guaranty and/or the Deficiency Agreement, the amount so paid by the County shall be considered to constitute unpaid interest, principal and/or Sinking Fund Installments, and the County shall be entitled to reimbursement for such payments by means of payments from the Interest Account and Principal Account, respectively, after provision has been made for payment of debt service due on the next succeeding Interest Payment Date or Principal Payment Date, as applicable.

SECTION 5.07. Operating Reserve Fund.

1. There is hereby established an Operating Reserve Fund. On the date of issuance of the Bonds, the Trustee shall deposit proceeds of the Bonds into the Operating Reserve Fund as set forth in a Certificate of an Authorized Officer of the Authority (the "Operating Reserve Amount"). The moneys on deposit in the Operating Reserve Fund shall be disbursed by the Trustee upon the written request of the Corporation, the County and the Authority for deposit in the Operating Account established under the Loan Agreement, in an amount equal to the deficiency in the Operating Account for the particular period. Further, in the event there are insufficient moneys in the Debt Service Fund to pay the Interest Portion or the Principal Portion of the Basic Loan Payment, as applicable, at the times and in the amounts required therein, the Trustee shall transfer the amount of the deficiency from the Operating Reserve Fund. In the event that amounts are required to be added to the Rebate Fund in order for the Trustee to pay the Rebate Amount to the United States pursuant to the requirements set forth in Section 148(f) of the Code, the Trustee, at the written request of the Authority or the Corporation, shall transfer the necessary amounts in the Operating Reserve Fund to the Rebate Fund as provided in Section 5.10 hereof. Upon depletion of the Operating Reserve Amount in the Operating Reserve Fund, no further funds are required to be deposited into the Operating Reserve Fund.

SECTION 5.08. Replacement Reserve Fund.

Funds shall be deposited from time to time into the Replacement Reserve Fund pursuant to Section 5.05(1)(e) hereof. The Trustee shall make payments, if any, from the Replacement Reserve Fund for Replacement Costs of the Housing Project in the amounts, at the times on each Draw Date, in the manner and on the other terms and conditions set forth in this Section 5.08 and Section 5.10 and 5.11 of the Loan Agreement. Before any payment from the Replacement Reserve Fund shall be made, the Corporation shall file with the Trustee the Draw Papers therefor (executed by the Corporation that the Replacement Cost has been incurred, and acknowledged as to form only by the Authority), which Draw Papers shall be in substantially the form set forth as Exhibit C to the Loan Agreement. The Trustee shall issue a copy of such Draw Papers to the Authority, and thereupon promptly issue the Trustee's check for each payment required by such Draw Papers to or on behalf of the Corporation, or the Trustee shall, by interbank transfer or other method,

1. The Supplemental Resolution for any Series of Additional Bonds constituting Tax-exempt Bonds shall contain such provisions regarding a rebate fund, rebatable arbitrage, notice, records and other matters as may be required by a Tax Certificate or otherwise required to allow Bond Counsel to issue an opinion that the interest on the gross income of any such Series of Tax-exempt Bonds shall be excludable from the gross income of the Holders thereof for Federal income tax purposes. For tax covenants with respect to the Bonds please see Section 8.06 herein.

SECTION 5.12. Moneys to Be Held in Trust.

All moneys required to be deposited with or paid to the Trustee or the Paying Agent for the account of any Fund or Account established under any provision of this Bond Resolution for the Bonds in accordance with this Bond Resolution, other than the Administrative Fund, shall be held by the Trustee or the Paying Agent, as the case may be, in trust for the Holders of the Bonds and shall constitute part of the Trust Estate while held by the Trustee or the Paying Agent; provided, however, that moneys deposited with or held by the Trustee or the Paying Agent for the redemption of Bonds on or after the redemption date of such Bonds, or for the payment of the principal of, Redemption Price, if any, or the interest on Bonds on or after the date on which such amounts shall have become due, shall be held and applied solely for the redemption or payment of such Bonds or the payment of such interest.

SECTION 5.13. Investments.

1. All moneys in any of the Funds and Accounts created under this Bond Resolution shall be invested by the Trustee as directed by the Authority in writing, subject to the further provisions of this Section 5.13. The Trustee may conclusively rely upon such written direction of the Authority as to any and all investments.

2. Moneys in all Funds and Accounts created under this Bond Resolution, other than the Debt Service Fund and the Accounts established therein, shall be invested in Investment Securities, the principal of and the interest on which are payable not later than the dates on which it is estimated, by the Authority, that such moneys will be required hereunder. Moneys in the Debt Service Fund shall only be invested in such securities as are described in clause (j) of the definition of "Investment Securities" in Section 1.01 hereof, the principal of and the interest on which are payable not later than the dates on which it is estimated, by the Authority, that such moneys will be required hereunder. Moneys on deposit in the Revenue Fund and the Debt Service Fund shall be invested in such Investment Securities as to mature or otherwise become available for payment no later than any Interest Payment Date or Principal Payment Date.

3. Investment Securities as an investment of moneys in any Fund or Account created under this Bond Resolution shall be credited to such Fund or Account. For the purpose of determining the amount in any Fund or Account at any time in accordance with this Bond Resolution, all Investment Securities credited to such Fund or Account shall be valued annually on the first day of any Bond Year at the lesser of amortized cost (exclusive of accrued interest) or fair market value, and any deficiency resulting therefrom shall be payable by the Corporation as an Additional Loan Payment under the Loan Agreement ratably every month over a period not to exceed five (5) months from such valuation date.

arrange to make and promptly make the payment required by such Draw Papers to or on behalf of the Corporation.

SECTION 5.09. Rebate Fund.

The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund ("Rebate Fund"). Amounts shall be deposited in the Rebate Fund as hereinafter specified in order to comply with the rebate requirements of Section 148 of the Code, including the payment of any applicable Rebatable Arbitrage to the United States. Separate accounts shall be established within the Rebate Fund for the Bonds and each subsequent Series of tax-exempt Bonds. Each separate account shall be maintained until all of the tax-exempt Bonds of the Series to which such account relates have been retired and for seventy-five (75) days thereafter. Except as provided in a Supplemental Bond Resolution with respect to any Series of tax-exempt Bonds, the procedures set forth in this Bond Resolution shall apply with respect to each Series of tax-exempt Bonds. Notwithstanding any other provision of this Indenture, the Rebate Fund shall not be subject to any security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder or any other person.

SECTION 5.10. General Fund.

1. If on any Basic Loan Payment Date the amount of Revenues on deposit in the Revenue Fund is not sufficient to satisfy all payments and transfers required to be made pursuant to paragraphs (a) through (f) of Section 5.05(1) hereof, then the Trustee shall, without further direction by the Authority, immediately transfer amounts on deposit in the General Fund to make such payments and transfers, in the order of priority set forth in said Section 5.05(1).

2. If, on the first day of each Bond Year beginning _____ 1, 20____, funds shall remain on deposit in the General Fund, and if all payments and transfers from the Revenue Fund required pursuant to paragraphs (a) through (f) of Section 5.05 hereof in respect of the preceding Bond Year shall have been made, then any amounts then remaining on deposit in the General Fund shall be applied by the Trustee as follows:

First, to the County, as reimbursement for any payments theretofore made by the County (and not yet reimbursed to the County) in respect of principal of and/or interest on the Series 2024 Bonds paid by the County under the County Guaranty and/or the Deficiency Agreement; and

Second, to the extent of any remaining balance in the General Fund, to such Funds and Accounts, and/or to any other corporate purpose authorized by the Act, as the Authority may direct in a Certificate of an Authorized Officer of the Authority and approved by the Corporation (which approval shall not be unreasonably withheld). Except as may be provided in such direction, and in the absence of direction, any funds remaining in the General Fund as of the thirtieth (30th) day of such Bond Year shall be retained in the General Fund (unless sooner applied as provided in paragraph (1) of this Section 5.10) until the first day of the next succeeding Bond Year (whereupon such amounts shall be applied as provided in paragraph (2) of this Section 5.10).

SECTION 5.11. Tax-exempt Bonds.

4. All interest, profits and other income earned and received by the Trustee and the Authority, as appropriate, net of any losses suffered (herein called the "net earnings"), from the investment of moneys in any Fund or Account shall be retained in and treated as part of such Fund or Account and applied in accordance with the applicable Sections of this Bond Resolution governing such Fund or Account, and applied in accordance with the applicable Sections of this Bond Resolution governing such Fund or Account

5. The Trustee may act as principal or agent in the acquisition or disposition of any Investment Securities. The Trustee shall exercise its best efforts to sell at market price obtainable, or present for redemption, any Investment Securities to the credit of any Fund or Account created under this Bond Resolution and the Accounts established therein whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from such Fund or Account, and the Trustee shall not be liable for any loss resulting from such necessary sale so made of such investments.

ARTICLE VI

AUTHORITY FINANCING DOCUMENTS, BOND PURCHASE AGREEMENT AND OFFICIAL STATEMENTS

SECTION 6.01. Terms and Conditions of Authority Documents.

The Authority hereby authorizes the Trustee to disburse funds from the Project Fund in accordance with the terms set forth herein and in the Loan Agreement for the purpose of acquiring, constructing, renovating and installing the Housing Project. Consequently, the Authority shall enter into or adopt, as the case may be, the Loan Agreement, the Guaranty Agreement, the Subsidy and Deficiency Agreement, the County Continuing Disclosure Agreement and any other Financing Documents to be executed and/or acknowledged by the Authority in respect of the Housing Project and the Series 2024 Bonds (collectively, the "Authority Financing Documents") in the manner, on the terms and conditions and upon submission of the documents required by this Article VI, and not otherwise.

SECTION 6.02. Form of Authority Financing Documents.

The Authority hereby severally authorizes its Authorized Officers to enter into the Authority Financing Documents to be executed or acknowledged by the Authority (a) in the form thereof attached hereto as **Exhibit A** upon original adoption of this Bond Resolution on March 27, 2024, with such immaterial changes thereto as shall be within the parameters set forth herein and the terms of the Local Finance Board Application, and (b) to the extent not attached hereto, in such forms as shall be consistent with this Bond Resolution and the terms of the Local Finance Board Application, in both cases, as shall be determined exclusively by any such Authorized Officer, after consultation with Counsel, which determination shall be conclusively evidenced by any such Authorized Officer's execution and delivery thereof. To the extent the final forms of the Authority Financing Documents attached hereto shall be materially changed from that attached hereto as **Exhibit A** prior to the issuance of the Series 2024 Bonds, such Authority Financing Documents may be authorized by a subsequent authorizing resolution of the Authority without compliance with the provisions of Article XI hereof. The Chair and any other Authorized Officer shall also take all other actions and execute any other documents, agreements, certificates or other instruments deemed necessary, convenient or desirable by the Chair or any such other Authorized Officer to consummate the transactions contemplated hereby and by such Authority Financing Documents; provided, however, that such Authority Financing Documents shall in any event conform in all material respects to the provisions of this Article VI.

SECTION 6.03. Loan Payments.

The Authority shall establish Basic Loan Payments under the Loan Agreement in such amounts that, together with any amounts available and required to be treated as credits thereunder or under this Bond Resolution, shall be sufficient to pay the principal and prepayment premium, if any, of and the interest on all Series of Bonds as the same become due and payable.

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SECTION 6.07. Continuing Disclosure.

1. The Authority hereby determines that the Corporation is an "obligated person" with respect to the Series 2024 Bonds, within the meaning and for purposes of Rule 15c2-12. Accordingly, the Corporation will be required to enter into the Corporation Continuing Disclosure Agreement, in form and substance acceptable to the Chairman or any other Authorized Officer of the Authority, in consultation with Bond Counsel, general counsel and any other applicable advisors to the Authority.

2. The Authority hereby further determines that the County is also an "obligated person" with respect to the Series 2024 Bonds, within the meaning and for purposes of Rule 15c2-12. Accordingly, the County shall be required to enter into the County Continuing Disclosure Agreement, in such form as set forth in Exhibit A hereto, with such changes as may be acceptable to the Chairman or any other Authorized Officer of the Authority, in consultation with Bond Counsel, general counsel and any other applicable advisors to the Authority.

3. The Authority hereby further determines that the Authority is not an "obligated person" with respect to the Series 2024 Bonds, within the meaning and for the purposes of Rule 15c2-12. However, as issuer of the Series 2024 Bonds, the Authority will agree, in the County Continuing Disclosure Agreement or separately, to provide notice of the occurrence of certain listed events with respect to the Series 2024 Bonds, as shall be set forth in the County Continuing Disclosure Agreement or other applicable instrument.

4. Notwithstanding any provision to the contrary in Article XI hereof, the Authority may amend or supplement this Section 6.07 and the corresponding provisions of the County Continuing Disclosure Agreement to comply with any amendment, supplement, modification, termination or other change to Rule 15c2-12 without the consent of any other Interested Party or any Bondholder.

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SECTION 6.04. Bond Purchase Agreement or Notice of Sale.

The Authority hereby severally authorizes its Authorized Officers to negotiate with an Underwriter selected in accordance with the terms of applicable Authority resolutions for the sale of all of the Series 2024 Bonds and any Series of Additional Bonds upon terms and conditions to be set forth in a bond purchase agreement, which may include the Bond Purchase Agreement, which terms and conditions shall be within the constraints set forth herein, in the Local Finance Board Application, and in such other Authority resolutions pertaining thereto and shall be determined exclusively by any Authorized Officer, after consultation with Counsel, which determination shall be conclusively evidenced by the Authorized Officer's execution and delivery thereof. The Chair and any other Authorized Officer shall also take all other actions and execute any other documents, agreements, certificates or other instruments deemed necessary or desirable by the Chair or any such other Authorized Officer to consummate the transactions contemplated hereby and by such bond purchase agreement, including the Bond Purchase Agreement.

SECTION 6.05. Preliminary Official Statement.

1. The Authorized Officers of the Authority are hereby severally authorized and directed, upon satisfaction of all of the legal conditions precedent to the delivery of the preliminary official statement relating to the Series 2024 Bonds and any Series of Additional Bonds by the Authority, as determined by an Authorized Officer of the Authority in consultation with the Chair of and Counsel to the Authority, to deliver a preliminary official statement (the "**Preliminary Official Statement**") "deemed final" within the meaning and for the purposes of Rule 15c2-12, and otherwise in the form and with such provisions as such Authorized Officer, after consultation with the Chair of and Counsel to the Authority, deems in their sole discretion to be necessary or desirable for the delivery thereof, which delivery thereof by such Authorized Officer shall conclusively evidence his consent to the provisions thereof.

2. The Authorized Officers of the Authority are hereby severally authorized and directed to execute any certificate or document relating to any statutes, rules or other procedures of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board or any state securities entity that such Authorized Officer, after consultation with the Chair of and Counsel to the Authority, deems necessary or desirable to effect the issuance of the Series 2024 Bonds and any Series of Additional Bonds and the transactions contemplated by the Preliminary Official Statement.

SECTION 6.06. Official Statement.

The Authorized Officers of the Authority are hereby severally authorized and directed to execute and deliver a final official statement (the "**Official Statement**") in substantially similar form to the Preliminary Official Statement, with such changes to reflect the final pricing as set forth in the bond purchase agreement, including the Bond Purchase Agreement as such Authorized Officers, after consultation with the Chair of and Counsel to the Authority, deems necessary or desirable to effect the issuance of the Series 2024 Bonds and any Series of Additional Bonds and the transactions contemplated by the final Official Statement.

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ARTICLE VII

SERVICING OF LOAN PAYMENTS

SECTION 7.01. Defaults.

The Trustee shall notify the Authority of its failure to receive any Loan Payment of the Corporation, if any, due under the Loan Agreement, or of any other Event of Default under the Loan Agreement known to the Trustee.

Upon the occurrence of an Event of Default under the Loan Agreement, the Trustee shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all of the terms and conditions of the Loan Agreement, including (without limitation) the prompt payment of all Loan Payments and all other amounts due the Authority and the observance and performance of all duties, covenants, obligations and agreements thereunder.

Except as otherwise provided in the Loan Agreement or in this Bond Resolution, the Trustee shall not release the duties, covenants, obligations or agreements of the Corporation under the Loan Agreement, and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Authority and the Holders under or with respect to the Loan Agreement; provided, however, that this provision shall not be construed to prevent the Trustee (with the consent of the Authority) from settling a default under the Loan Agreement on such terms as the Trustee shall determine to be in the best interests of the Authority and the Holders. The Authority hereby appoints the Trustee as its agent and attorney-in-fact for the purpose of enforcing all rights, title and interests of the Authority on behalf of the Holders under the Loan Agreement, except for the Authority's Reserved Rights.

SECTION 7.02. Termination of Loan Agreement.

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

SECTION 7.03. Files.

The Trustee shall keep a file for all records and other documents pertaining to disbursements of the Project Fund in accordance with this Bond Resolution and the Loan Agreement, and pertaining to all Loan Payments and other amounts received by the Trustee under the Loan Agreement, and all communications from or received by the Trustee with respect to the Housing Project. Such file shall be kept at the Principal Office of the Trustee and shall be available for inspection by the Authority, the County, and the Corporation and their respective agents at reasonable times and under reasonable circumstances.

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SECTION 7.04. Trustee's Obligations.

The Trustee shall observe and perform all duties, covenants, obligations and agreements of the Authority under the Loan Agreement to the extent specified herein and therein. If an inconsistency arises between the Loan Agreement and this Bond Resolution, the Trustee shall rely on this Bond Resolution. Notwithstanding the preceding sentence, the Trustee shall have no duty to acquire, construct, renovate or install the Housing Project.

such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

So long as Bonds of any Series shall be Outstanding, the Authority shall not issue any bonds, notes or other evidences of indebtedness, other than such Bonds, secured by any pledge of or other lien or charge on the Trust Estate. Nothing in this Bond Resolution is intended to or shall affect the right of the Authority to issue bonds, notes and other obligations under other resolutions or indentures for any of its other purposes.

SECTION 8.04. Accounts and Audits.

The Authority shall keep, or cause to be kept, proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Housing Project, this Bond Resolution and any Supplemental Resolution, which books and accounts (at reasonable hours and subject to the reasonable rules and regulations of the Authority) shall be subject to the inspection of the Trustee, the County, the Corporation, any Holder of any Bonds or their agents or representatives duly authorized in writing. The Authority shall have the right to cause such books and accounts to be audited annually within ninety (90) days after the end of its fiscal year by an Independent Public Accountant selected by the Authority. Annually, within thirty (30) days after the receipt by the Authority of the report of such audit, a signed copy of such report shall be furnished to the Trustee. Such report shall include at least: (i) a statement of all Funds and Accounts (including investments thereof) held by the Trustee pursuant to the provisions of this Bond Resolution; (ii) a statement of the Revenues collected in connection with this Bond Resolution; and (iii) a statement that, in making such audit, no knowledge of any payment default in the fulfillment of any of the terms, covenants or provisions of this Bond Resolution was obtained or, if knowledge of any such default was obtained, a statement thereof.

SECTION 8.05. Further Assurances.

The Authority will pass, make, do, execute, acknowledge and deliver any and all such further resolutions, indentures, actions, instruments and assurances as may be reasonably necessary or proper to carry out the intention, or to facilitate the performance, of this Bond Resolution and for the better assuring and confirming unto the Holders of Bonds the rights and benefits provided in this Bond Resolution.

SECTION 8.06. Tax Covenants.

1. The Authority, the Corporation and the County covenant that they will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Series of tax-exempt Bonds under Section 103 of the Code. The Authority and the Corporation will not directly or indirectly use or permit the use of any proceeds of any Series of tax-exempt Bonds or any other funds of the Authority or the Corporation, or take or omit to take any action that would cause any Series of tax-exempt Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code. To that end, the Authority and the Corporation will comply with all requirements of Section 148 of the Code to the extent applicable to each Series of tax-

ARTICLE VIII

GENERAL COVENANTS

SECTION 8.01. Payment of Bonds; Special and Limited Obligations of Authority.

The Authority shall pay or cause to be paid the principal or Redemption Price, if any, of and the interest on every Bond of each Series on the date, at the place and in the manner provided herein, in the Applicable Supplemental Resolution and in such Bonds according to the true intent and meaning thereof; provided, however, that the Bonds of each Series are special and limited obligations of the Authority, the principal or Redemption Price, if any, of and the interest on which are payable solely from the Trust Estate.

The Bonds of each Series shall not be payable from the general funds of the Authority, and shall not constitute a legal or equitable pledge of, or lien or encumbrance upon, any of the assets or property of the Authority (other than the Trust Estate) or upon any of its income, receipts or revenues, except as provided in this Bond Resolution. The full faith and credit of the Authority are not pledged, either expressly or by implication, to the payment of the Bonds. The Authority has no taxing power, and has no claim on any revenues or receipts of the State or any agency or political subdivision thereof or the County (except as expressly provided in the County Guaranty).

SECTION 8.02. Observance and Performance of Duties, Covenants, Obligations and Agreements; Representations as to Authorization and Validity of Bonds.

The Authority shall faithfully observe and perform at all times all of its duties, covenants, obligations and agreements contained in the Loan Agreement, this Bond Resolution, any Supplemental Resolution or any Bond executed, authenticated and delivered under this Bond Resolution or under any Supplemental Resolution or in any proceedings of the Authority pertaining thereto.

The Authority represents and covenants that: (i) it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Bonds of each Series, to enter into the Loan Agreement, and to pledge the Trust Estate in the manner and to the extent set forth in this Bond Resolution and as shall be set forth in any Supplemental Resolution; (ii) all action on its part for the issuance of the Bonds of each Series will be duly and effectively taken; and (iii) the Bonds of each Series in the hands of the Holders thereof will be valid and binding special and limited obligations of the Authority, enforceable against the Authority in accordance with their terms.

SECTION 8.03. Liens, Encumbrances and Charges.

The Authority shall not create or cause to be created and shall not suffer to exist any lien, encumbrance or charge upon the Trust Estate, except the pledge, lien and charge created for the security of the Holders of the Bonds. To the extent Revenues are received, the Authority will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands that if unpaid might by law become a lien upon the Trust Estate; provided, however, that nothing contained in this Section 8.03 shall require the Authority to pay or cause to be discharged, or to make provision for, any

exempt Bonds. In the event that at any time the Authority or the Borrower is of the opinion that for purposes of this Section 8.06 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Bond Resolution, the Loan Agreement or otherwise, the Authority or the Corporation shall so instruct the Trustee in writing, and the Trustee shall take such action as required by such instructions.

Without limiting the generality of the foregoing the Corporation agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to any Series of tax-exempt Bonds from time to time. This covenant shall survive payment in full or defeasance of the Bonds. The Corporation specifically covenants to pay or cause to be paid to the United States at the times and in the amounts determined under Section 5.10 hereof the Rebutable Arbitrage Requirement, as described in the Loan Agreement.

The Authority and the Corporation will not allow the amount of Gross Proceeds of any Series of tax-exempt Bonds invested during any Bond Year in Nonpurpose Investments with a Yield in excess of the Yield on such tax-exempt Bonds to exceed one hundred fifty percent (150%) of Scheduled Debt Service on such tax-exempt Bonds for that Bond Year plus \$100,000, provided, however, that until three (3) years following the Issue Date for such tax-exempt Bonds, amounts invested in the applicable Project Account in the Project Fund and in the applicable Costs of Issuance Account in the Administrative Fund shall not be considered subject to such restriction and provided further that amounts invested in the Bond Fund shall at no time be considered subject to such restriction. All capitalized terms used in this paragraph and not otherwise defined shall have the meanings prescribed by Section 148 of the Code and regulations promulgated thereunder.

Notwithstanding any provision of this Section 8.06 and Section 5.09 hereof, if the Corporation shall provide to the Authority, the County and the Trustee an Opinion of Bond Counsel to the effect that any action required under this Section 8.06 and Section 5.09 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on any Series of tax-exempt Bonds pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

2. In connection with the issuance of any Series of Additional Bonds issued as Tax-exempt Bonds, an Authorized Officer of the Authority is hereby authorized to execute on behalf of the Authority (i) the Tax Certificate and (ii) any similar documents relating to the characterization of such Series of Bonds as not being "arbitrage bonds" within the meaning of Sections 103(a)(2) and 148 of the Code. Any further provisions relating thereto shall be as set forth in the Supplemental Resolution authorizing any such Series of Additional Bonds.

SECTION 8.07. Optional Prepayment and Mandatory Prepayment Through the Application of Additional Loan Payments.

Upon the repayment, in whole or in part, of Basic Loan Payments due and owing under the Loan Agreement through the payment of Additional Loan Payments, the Authority shall elect to apply such prepayment proceeds (i) to the purchase of Bonds in the secondary market, (ii) to the redemption of Bonds in accordance with Article IV hereof, or (iii) to the payment of Bonds in accordance with Section 12.01 hereof. The Authority may only consent to such partial prepayment pursuant to the Loan Agreement if it simultaneously delivers to the Trustee (i) a certificate of an Independent Public Accountant demonstrating that the aggregate Basic Loan Payments due pursuant to the Loan Agreement after such prepayment shall be sufficient to pay, when due, the principal of and the interest on all Bonds Outstanding after giving effect to the Authority's election required in the immediately preceding sentence, and (ii) irrevocable instructions to effectuate such election regarding the application of prepayment proceeds, including, without limitation, delivering any documents required under the Loan Agreement.

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SECTION 9.02. Acceleration of Bonds; Remedies.

If an Event of Default described in Section 9.01 hereof shall occur for any Series of Bonds, the Trustee shall give prompt written notice thereof to the Authority, the County and the Corporation, whereupon the Authority, the County and the Corporation shall be able to cure such default. If said Event of Default shall not have been cured within thirty (30) days of said written notice, the Trustee shall give written notice thereof to Holders, with copies to the Authority, the County and the Corporation.

In the case of any Event of Default described in Section 9.01(a) or (b) only, the Trustee, at the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, by telephonic notice to the Authority (promptly confirmed in writing), declare the principal of all Bonds then Outstanding to be due and payable. Upon any such declaration, the Trustee shall forthwith give written notice thereof to the Authority, the County and the Corporation.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under this Bond Resolution, the Trustee, by written notice to the Authority, may annul such declaration and its consequences if: (i) moneys shall have accumulated in the Interest Account and the Principal Account in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date) and the principal then due on all Bonds (except the principal on any such Bonds due solely as a result of any such declaration of acceleration); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; and (iii) every other default known to the Trustee in the observance or performance of any duty, covenant, obligation, condition or agreement contained in the Bonds or in this Bond Resolution shall have been remedied to the satisfaction of the Trustee; provided, however, that such declaration may be annulled only with the written consent of the Holders of not less than 25% in aggregate principal amount of the Bonds Outstanding and not then due by their terms. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Upon the occurrence of an Event of Default, the Trustee shall also have the following rights and remedies:

(a) The Trustee may pursue any available remedy at law or in equity or by statute, other than acceleration of the Bonds (which shall be governed exclusively by the second and third paragraphs of this Section 9.02), to enforce the payment of the principal of and the interest on the Bonds then Outstanding, including (without limitation) enforcement of any rights of the Authority or the Trustee under the Loan Agreement;

(b) The Trustee by action or suit in equity may require the Authority to account as if it were the trustee of an express trust for the Holders of Bonds, and may take such action with respect to the Loan Agreement as the Trustee deems necessary or appropriate and in the best interests of the Holders of Bonds, subject to the terms of the Loan Agreement; and

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ARTICLE IX

DEFAULT PROVISIONS; REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 9.01. Defaults; Events of Default.

If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default" for the Bonds of all Series then Outstanding:

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

(b) default in the due and punctual payment of the principal, Sinking Fund Installment or Redemption Price of any Bond whether at the stated maturity thereof or on any date fixed for the redemption of such Bond; or

(c) if (i) the Authority shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law, (ii) the Authority shall institute a proceeding seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or all of its debts under New Jersey bankruptcy or insolvency law, (iii) with the consent of the Authority, there shall be appointed a receiver, liquidator or similar official for the Authority under federal bankruptcy law or under New Jersey bankruptcy or insolvency law, or (iv) without the application, approval or consent of the Authority, a receiver, trustee, liquidator or similar official shall be appointed for the Authority under federal bankruptcy law or under New Jersey bankruptcy or insolvency law or a proceeding described in clause (ii) above shall be instituted against the Authority, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days; or

(d) if (i) the Authority shall make an assignment for the benefit of creditors, (ii) the Authority shall apply for or seek the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (iii) the Authority shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it described under clause (iv) of paragraph (c) of this Section 9.01, (iv) the Authority shall take any action to authorize or effect any of the actions set forth in paragraph (c) or (d) of this Section 9.01, (v) the Authority shall fail to contest in good faith any appointment or proceeding described in paragraph (c) or (d) of this Section 9.01, or (vi) without the application, approval or consent of the Authority, a receiver, trustee, examiner, liquidator or similar official shall be appointed for any substantial part of the Authority's property, and such appointment shall continue undischarged or such proceeding shall continue undismissed or unstayed for a period of thirty (30) consecutive days; or

(e) the Authority shall default in the performance or observance of any other of the duties, covenants, obligations, agreements or conditions on the part of the Authority to be performed or observed under this Bond Resolution or under the Bonds of each Series, which default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall be given to the Authority by the Trustee or the Bondholders in accordance with Section 9.09 hereof.

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(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Holders of Bonds under this Bond Resolution, the Trustee will be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate and the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If an Event of Default shall have occurred with respect to any Bonds, and if requested so to do by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction therefor, the Trustee shall be obligated to exercise such one or more of the rights, remedies and powers conferred by this Section 9.02 as directed by such Holders of Bonds.

No right or remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee (or to the Holders of Bonds) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to such Holders hereunder or now or hereafter existing at law or in equity or by statute other than pursuant to the Act. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

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

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

SECTION 9.03. Right of Holders of Bonds to Direct Proceedings.

Anything in this Bond Resolution to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds in default then Outstanding shall have the right at any time during the continuance of an Event of Default of such Bonds, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution or for the appointment of a receiver or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Bond Resolution.

SECTION 9.04. Application of Moneys.

All moneys received by the Trustee pursuant to any right or remedy given or action taken under the provisions of this Article IX upon any acceleration of the due date for the payment of the principal of and the interest on the Bonds in default (including, without limitation, moneys received by virtue of action taken under provisions of the Loan Agreement, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and any other moneys owed to

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the Trustee in connection with such Bonds hereunder) shall be applied, first, to the payment of the principal and the interest then due and unpaid upon the Bonds in default, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.04, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date, unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond in default until such obligation shall be presented to the Trustee for appropriate endorsement or for cancellation, as the case may be.

SECTION 9.05. Remedies Vested in Trustee.

All rights of action (including, without limitation, the right to file proofs of claims) under this Bond Resolution or under any of the Bonds in default may be enforced by the Trustee without possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee for the equal and ratable benefit of the Holders of all the Outstanding Bonds without the necessity of joining as plaintiffs or defendants any Holders of such Bonds.

SECTION 9.06. Rights and Remedies of Holders of Bonds.

No Holder of Bonds then Outstanding in default shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Bond Resolution or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) an Event of Default shall have occurred, (b) the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the remedies hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) the Holders shall have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused, or for sixty (60) days after receipt of such request and offer of indemnification shall have failed, to exercise the remedies hereinbefore granted or to institute such action, suit or proceeding in its own name, and such request and offer of indemnity are hereby declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Bond Resolution and to any action or cause of action for the enforcement of this Bond Resolution or for the appointment of a receiver or for any other remedy hereunder. It is understood and intended that no one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Bond Resolution by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted,

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ARTICLE X THE FIDUCIARIES

SECTION 10.01. Appointments, Duties, Immunities and Liabilities of Trustee.

Such banking institution or trust company authorized to conduct business in the State, as shall be identified in the Certificate of an Authorized Officer of the Authority referred to in Section 2.02(1)(e) hereof, shall act as Trustee under this Bond Resolution. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution, the Loan Agreement, the County Guaranty Agreement, and all other Financing Documents, as applicable, by executing and delivering to the Authority a written acceptance thereof, and, by executing such acceptance, the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be validly issued, but only, however, upon the terms and conditions set forth in this Bond Resolution and in such other Financing Documents.

SECTION 10.02. Paying Agents; Appointments.

1. The Trustee is hereby appointed Paying Agent for the Series 2024 Bonds. The Authority shall appoint one or more Paying Agents for the Bonds of each additional Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 10.13 hereof for a successor Paying Agent.

2. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

3. Unless otherwise provided, the principal corporate trust offices of the Paying Agents are designated as the respective offices or agencies of the Authority for the payment of the principal or Redemption Price, if any, of and the interest on the Bonds.

4. The Authority may enter into agreements with any Paying Agent providing for the payment to the Authority of amounts in respect of interest earned on moneys held by such Paying Agent for the payment of principal or Redemption Price, if any, of and the interest on the Bonds. Any such payments to the Authority shall be deposited in the Revenue Fund and applied as Revenues.

SECTION 10.03. Responsibilities of Fiduciaries.

1. The recitals of fact contained herein and in the Bonds shall be taken as the statements of the Authority, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representation as to the validity or sufficiency of this Bond Resolution or of any Bonds issued hereunder or as to the security afforded hereby, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Authority or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect thereof or to advance

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had and maintained in the manner herein provided and for the equal and ratable benefit of the Holders of all Bonds then Outstanding; provided, however, that nothing contained in this Bond Resolution shall affect or impair the right of the Holder of any Bond to enforce the payment of the principal or Redemption Price of and the interest on such Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal or Redemption Price of and the interest on each of the Bonds issued hereunder to the respective Holders thereof, at the time and place, from the source and in the manner expressed in the Bonds and in this Bond Resolution and the Applicable Supplemental Resolution.

SECTION 9.07. Termination of Proceedings.

In case the Trustee or a Holder of a Bond in default shall have proceeded to enforce any right under this Bond Resolution by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Holder, then and in every such case the Authority, the Trustee and the Holders of Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee and the Holders shall continue as if no such proceedings had been taken.

SECTION 9.08. Waivers of Events of Default.

The Trustee may, and upon the written request of the Holders of 50% in aggregate principal amount of all Bonds in default then Outstanding shall, waive any Event of Default that shall have been remedied before the completion of the enforcement of any remedy under this Bond Resolution; but no such waiver shall extend to any subsequent or other Event of Default or impair any rights consequent thereon.

SECTION 9.09. Notice of Certain Defaults; Opportunity of Authority to Cure Defaults.

Anything herein to the contrary notwithstanding, no Default under Section 9.01(e) hereof shall constitute an Event of Default until actual notice of such Default shall be given to the Authority, by registered or certified mail, by the Trustee or the Holders of not less than 25% in aggregate principal amount of all Bonds then Outstanding, and the Authority shall not have corrected the Default or caused the Default to be corrected within thirty (30) days following the giving of such notice; provided, however, that if the Default be such that it is correctable but cannot be so corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within the applicable period and diligently pursued until the Default is corrected.

The Authority hereby grants to the Trustee full authority for the account of the Authority (but the Trustee shall have no obligation) to observe or perform any duty, covenant, obligation or agreement in any alleged Default concerning which notice is given to the Authority under the provisions of this Section 9.09 in the name and stead of the Authority, with full power to do any and all things and acts to the same extent that the Authority could do and to perform any such things and acts and with full power of substitution.

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any of its own moneys, unless properly indemnified by the Authority. Subject to the provisions of subsection (2) of this Section 10.03, no Fiduciary shall be liable in connection with the observance and performance of its duties and obligations hereunder except for its own negligence or willful misconduct.

2. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and obligations and only such duties and obligations as are specifically set forth in this Bond Resolution. In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers invested in it by this Bond Resolution, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of this Bond Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may conclusively rely shall be subject to the provisions of this Section 10.03.

SECTION 10.04. Evidence Upon Which Fiduciaries May Act.

1. Each Fiduciary, upon receipt of any written notice, Supplemental Resolution, written request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Bond Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Bond Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with Counsel, who may or may not be counsel to the Authority, and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by any Fiduciary under this Bond Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Bond Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of an Authorized Officer of the Authority, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Bond Resolution upon the faith thereof.

3. Except as otherwise expressly provided in this Bond Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Authority to any Fiduciary shall be sufficiently executed in the name of the Authority by an Authorized Officer of the Authority.

4. Whenever any Fiduciary shall receive any written notice, Supplemental Resolution, written request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it via telecopy pursuant to any provision of this Bond Resolution, the Fiduciary shall accept same; provided, however, that the original of any notice, Supplemental Resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Bond Resolution be shall be forwarded to the Fiduciary immediately thereafter.

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SECTION 10.05. Compensation.

The Authority shall pay each Fiduciary from time to time reasonable compensation for all services rendered under this Bond Resolution, including, without limitation, the services rendered pursuant to Section 12.01 hereof, and also all reasonable expenses incurred in and about the performance of their powers and duties under this Bond Resolution, and each Fiduciary shall have a lien therefor on any and all Funds and Accounts at any time held by it under this Bond Resolution. Subject to the provisions of Section 10.03 hereof, each of the Authority and the Corporation further agrees to indemnify and save each Fiduciary harmless against any losses, liabilities or expenses (including legal fees) that it may incur in the exercise and performance of its powers, duties and obligations hereunder that are not due to its negligence or willful misconduct, and such indemnity shall survive the payment of the Bonds and the discharge of this Bond Resolution and the resignation or removal of the Trustee.

SECTION 10.06. Certain Permitted Acts.

Any Fiduciary may become the Holder of any Bonds with the same rights that it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Bond Resolution, whether or not any such committee shall represent the Holders of a majority in aggregate principal amount of the Bonds then Outstanding.

SECTION 10.07. Resignation of Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving not less than sixty (60) days' written notice to the Authority, and mailing notice thereof to the Holders of the Bonds then Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Bondholders as provided in Section 10.09 hereof, in which event such resignation shall take effect immediately upon the appointment of such successor, or unless a successor shall not have been appointed by the Authority or the Bondholders as provided in Section 10.09 hereof on that date, in which event such resignation shall not take effect until a successor is appointed.

SECTION 10.08. Removal of Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee and signed by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority. So long as no Event of Default or any event that, with notice or passage of time or both, would become an Event of Default shall have occurred and be continuing, the Trustee may be removed at any time for just cause (as determined in the sole judgment of the Authority) by a resolution of the Authority filed with the Trustee.

duties, any and all such deeds, conveyances and instruments in writing shall, on request and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify the Paying Agent of its appointment as Trustee.

SECTION 10.11. Merger or Consolidation.

Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company (i) shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association and (ii) shall be authorized by law to perform all of the duties imposed upon it by this Bond Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

SECTION 10.12. Adoption of Authentication.

In case any of the Bonds contemplated to be issued under this Bond Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in the name of the successor Trustee, and in all such cases such certificate of authentication shall have the same force and effect that it is anywhere in said Bonds or in this Bond Resolution.

SECTION 10.13. Resignation or Removal of Paying Agent; Appointment of Successor.

1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least sixty (60) days' written notice to the Authority, the Trustee and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Authority. Any successor Paying Agent shall be appointed by the Authority with the approval of the Trustee, and shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association and having capital stock and surplus aggregating at least \$20,000,000, and be willing and able to accept the office on reasonable and customary terms and authorized by law to perform all of the duties imposed upon it by this Bond Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor or, if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

SECTION 10.09. Appointment of Successor Trustee.

1. In case at any time the Trustee shall resign, be removed or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor Trustee may be appointed by the Authority by a duly executed written instrument signed by an Authorized Officer of the Authority. However, if the Authority does not appoint a successor Trustee within forty-five (45) days, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority, may appoint a successor Trustee by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee. After such appointment of a successor Trustee, the Authority shall mail notice of any such appointment made by it or the Bondholders to the Holders of all Bonds then Outstanding.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 10.09 within forty-five (45) days after the Trustee shall have given to the Authority written notice as provided in Section 10.07 hereof or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

3. Any Trustee appointed pursuant to the provisions of this Section 10.09 in succession to the Trustee shall be a bank or trust company or national banking association doing business and having its principal office in the City and State of New York or the State and having capital stock and surplus aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all of the duties imposed upon it by this Bond Resolution.

SECTION 10.10. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under this Bond Resolution shall execute, acknowledge and deliver to its predecessor Trustee and to the Authority an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all of the moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee hereunder; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority or the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all of the right, title and interest of the predecessor Trustee in and to any property held by it under this Bond Resolution, and such predecessor Trustee shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and

ARTICLE XI

AMENDMENTS

SECTION 11.01. Supplemental Resolutions Effective Upon Filing With Trustee.

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Authority may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, shall be fully effective in accordance with its terms:

1. To close this Bond Resolution against, or provide limitations and restrictions contained in this Bond Resolution on, the authentication and delivery of Bonds;

2. To add to the duties, covenants, obligations and agreements of the Authority in this Bond Resolution, other duties, covenants, obligations and agreements to be observed and performed by the Authority that are not contrary to or inconsistent with this Bond Resolution as theretofore in effect, upon delivery of the Certificate of an Authorized Officer of the Authority pursuant to Section 2.02(1)(c) hereof;

3. To add to the limitations and restrictions in this Bond Resolution, other limitations and restrictions to be observed by the Authority that are not contrary to or inconsistent with this Bond Resolution as theretofore in effect;

4. To authorize Bonds of a Series and, in connection therewith, to specify and determine the matters and things referred to in Article II hereof and any other matters and things relative to such Bonds, including whether to issue Bonds in book-entry form, that are not contrary to or inconsistent with this Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination contained in Article II hereof at any time prior to the first authentication and delivery of such Series of Bonds;

5. To confirm, as further assurance, any security interest, pledge or assignment under this Bond Resolution and the subjection of the Revenues or of any other moneys, securities or funds to any security interest, pledge or assignment created or to be created by this Bond Resolution;

6. To modify any of the provisions of this Bond Resolution in any other respect whatsoever; provided, however, that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

7. To modify any of the provisions of this Bond Resolution in any respect provided that the modifications affect only Bonds issued subsequent to the date of such modifications;

8. To comply with the provisions of any federal or state securities law, including, without limitation, the Trust Indenture Act of 1939, as amended, or to comply with Section 103 of the Code, as amended, replaced or substituted, with respect to any Series of Additional Bonds constituting Tax-exempt Bonds;

9. To provide for the execution and delivery of a Certificate of an Authorized Officer of the Authority executed pursuant to Section 2.02(1)(c)(vi) hereof.

Any Rating Agency rating the Series 2024 Bonds must receive notice of each Supplemental Resolution and a copy thereof at least fifteen (15) days in advance of its execution or adoption.

SECTION 11.02. Supplemental Resolutions Effective Upon Consent of Trustee.

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, and (ii) the filing with the Authority of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

1. To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in this Bond Resolution;

2. To insert such provisions clarifying matters or questions arising under this Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with this Bond Resolution as theretofore in effect; or

3. To make any other modification or amendment of this Bond Resolution that will not have a material adverse effect on the interests of Bondholders.

In making any determination under this Section 11.02, the Trustee may conclusively rely upon an opinion of Counsel.

SECTION 11.03. Supplemental Resolutions Effective With Consent of Bondholders.

At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by the Bondholders in accordance with and subject to the provisions of Sections 11.06 and 11.07 hereof, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and upon compliance with the provisions of Sections 11.06 and 11.07 hereof, shall become fully effective in accordance with its terms as provided in Section 11.07 hereof; provided, however, any Supplemental Resolution that, by its terms, only affects one or more Series of Bonds may be adopted subject solely to the consent of the Holders of such Series of Bonds so affected.

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entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required, and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 11.06. No such modification or amendment shall (i) permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such obligation, (ii) reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or (iii) change or modify any of the rights or obligations of any Trustee without its written assent thereto. For the purposes of this Section 11.06, a Series shall be deemed to be affected by a modification or amendment of this Bond Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may, in its discretion, determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment of this Bond Resolution, and any such determination shall be binding and conclusive upon the Authority and all Holders of Bonds. For purposes of this Section 11.06, the Holders of any Bonds may include the initial Holders thereof, regardless of whether or not such Bonds are being held for resale.

SECTION 11.07. Consent of Bondholders.

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 11.06 hereof to take effect when and as provided in this Section 11.07. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to Holders of Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section 11.07 provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in Section 11.06 hereof and (b) an opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the terms and provisions of this Bond Resolution, is authorized or permitted by this Bond Resolution, and is valid and binding upon the Authority in accordance with its terms. It shall not be necessary that the consents of the Holders of Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02 hereof. A certificate or certificates executed by the Trustee and filed with the Authority stating that the Trustee has examined such proof and that such proof is sufficient in accordance with Section 12.02 hereof shall be conclusive evidence that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 12.02 hereof to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not

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SECTION 11.04. General Provisions.

1. This Bond Resolution shall not be modified or amended in any respect except by a Supplemental Resolution as provided in, in accordance with and subject to the provisions of this Article XI. Nothing contained in this Article XI shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of this Bond Resolution or the right or obligation of the Authority to execute and deliver to any Trustee any instrument that it is elsewhere provided in this Bond Resolution shall be delivered to said Trustee.

2. Any Supplemental Resolution referred to in and permitted or authorized by Section 11.01 or 11.02 hereof may be adopted by the Authority without the consent of any Bondholder, but shall become effective only on the conditions, to the extent and at the times provided in Section 11.01 or 11.02, respectively. Every Supplemental Resolution filed with the Trustee shall be accompanied by an opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted by the Authority in accordance with the terms and provisions of this Bond Resolution, is authorized or permitted by this Bond Resolution, and is valid and binding upon the Authority in accordance with its terms.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to in and permitted or authorized by Section 11.01, 11.02 or 11.03 hereof and to make all further agreements and stipulations that may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying upon an opinion of Counsel that such Supplemental Resolution is authorized or permitted by the terms and provisions of this Bond Resolution.

4. No Supplemental Resolution shall change or modify any of the rights or obligations of the County or any Fiduciary without its written assent thereto.

SECTION 11.05. Mailing.

Any provision in this Article XI for the mailing of a notice or other paper to Holders of Bonds shall be fully complied with if it is mailed, postage prepaid only, to each Registered Owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Authority.

SECTION 11.06. Powers of Amendment by Supplemental Resolution.

Unless otherwise permitted under Section 11.01 or 11.02 hereof, any modification or amendment of this Bond Resolution and of the rights and obligations of the Authority and the Holders of Bonds hereunder, in any particular, may be made only by a Supplemental Resolution with the written consent (i) of the Holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds of the particular Series and maturity

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such subsequent Holder has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee is filed (as hereinafter provided for in this Section 11.07), such revocation and proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.02 hereof. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Authority to the effect that no revocation thereof is on file with the Trustee.

At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution as hereinabove provided, the Trustee shall make and file with the Authority a written statement that the Holders of such required percentages of such Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will become effective as provided in this Section 11.07 may be given to Bondholders by the Authority by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 11.07 provided). The Authority shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 11.07 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Trustee of proof of the mailings of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Authority and any Fiduciary during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as it may deem expedient.

SECTION 11.08. Modifications or Amendments by Unanimous Consent.

The terms and provisions of this Bond Resolution and the rights and obligations of the Authority and of the Holders of Bonds hereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Resolution and the consent of the Holders of all Bonds then Outstanding, such consent to be given as provided in Section 11.07 hereof, except that no notice to Holders of Bonds either by mail or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Holders of Bonds.

SECTION 11.09. Exclusion of Bonds.

Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or for any calculation of Outstanding Bonds provided for in this Article XI, and the Authority shall not be entitled with respect to such Bonds

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to give any consent or to take any other action provided for in this Article XI. At the time of any consent or other action taken under this Article XI, the Authority shall furnish the Trustee a Certificate of an Authorized Officer of the Authority, upon which the Trustee may conclusively rely, describing all Bonds to be so excluded.

SECTION 11.10. Notation on Bonds.

Bonds authenticated and delivered after the effective date of any Supplemental Resolution adopted pursuant to this Article XI may, and, if the Authority so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Resolution, and, in that case, upon demand of the Holder of any Bond then Outstanding and upon presentation of any Bond for such purpose at the Principal Office of the Trustee, a suitable notation shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Resolution shall be prepared, authenticated and delivered and, upon demand of the Holder of any Bond then Outstanding, shall be exchanged upon surrender of such Bonds, without cost to such Holder, for Bonds of the same Series, principal amount, maturity and interest rate then Outstanding. Any action taken as provided in Article X hereof or in this Article XI shall be effective and binding upon all Holders of Bonds notwithstanding that the notation is not endorsed on all Bonds.

SECTION 11.11. Effect of Supplemental Resolutions.

Upon the effective date of any Supplemental Resolution, this Bond Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, covenants, obligations and agreements under this Bond Resolution of the Authority, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all of the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this Bond Resolution for any and all purposes.

SECTION 11.12. Notice of Amendments.

Promptly after the adoption by the Authority of any Supplemental Resolution, the Trustee shall mail a notice, setting forth in general terms the substance of such amendment or modification, to the Holders of any Series of Bonds so affected thereby, and to the other Project Interested Parties. However, any failure to give such notice, or any defect therein, shall not in any way impair or affect the validity of any such Supplemental Resolution.

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Redemption Price, if applicable, of and the interest due and to become due on such Series of Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Series of Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, instructions to mail, as soon as practicable, a notice to the Holders of such Bonds at their last addresses appearing upon the registry books at the close of business on the last Business Day of the month preceding the month for which notice is mailed that the deposit required by clause (b) above has been made with the Trustee and that such Series of Bonds are deemed to have been paid in accordance with this Section 12.01 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection (5) of this Section 12.01, to be available for the payment of the principal or Redemption Price, if applicable, of and the interest due and to become due on such Series of Bonds (other than Bonds that have been purchased by the Trustee at the written direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). Any notice of redemption mailed pursuant to the preceding sentence with respect to any Series of Bonds, which notice relates to a redemption contemplating less than all of the Outstanding Bonds of any maturity within a Series being redeemed, shall specify the letter and number or other distinguishing mark of each such Bond to be so redeemed. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 12.01 to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in this Bond Resolution.

The Trustee shall, if so directed in writing by the Authority (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 12.01 that are not to be redeemed prior to their maturity or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have been paid in accordance with this Section 12.01 that are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee with respect to such Bonds and redeem or sell Investment Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds, and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the moneys and Investment Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay, when due, the principal or Redemption Price, if applicable, of and the interest due or to become due on all Bonds with respect to which such moneys and Investment Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 12.01 that are not to be redeemed prior to their maturity or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have been paid in accordance with this Section 12.01 that are to be redeemed on any date prior to their maturity, the Authority shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed paid in accordance with this Section 12.01. The directions given by the Authority to the Trustee referred to in the preceding sentence shall also specify (i) the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this

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ARTICLE XII

DEFEASANCE

SECTION 12.01. Defeasance of Bonds.

1. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds of any Series the principal or Redemption Price, if applicable, thereof and the interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Resolution, then the pledge of the Trust Estate and all duties, covenants, agreements and other obligations of the Authority to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority, and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Authority all moneys or securities held by it pursuant to this Bond Resolution that are not required for the payment of the principal or Redemption Price, if applicable, of and the interest due or to become due on the Bonds of any Series not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds of any Series the principal or Redemption Price, if applicable, thereof and the interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under this Bond Resolution, and all duties, covenants, agreements and other obligations of the Authority to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding any other provision in this Article XII, all duties, covenants, agreements and other obligations of the Authority to the Holders of Bonds relating to the exclusion of interest from gross income of the Holders thereof for federal income tax purposes shall survive the defeasance of the Bonds.

2. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the Paying Agent (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section 12.01. Subject to the provisions of subsections (3), (4) and (5) of this Section 12.01, Outstanding Bonds of any Series or Outstanding Bonds of any maturity within any Series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section 12.01 if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee instructions in writing accepted by the Trustee to mail notice of redemption of such Bonds (other than Bonds of a Series that have been purchased by the Trustee at the written direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee either moneys in an amount that shall be sufficient or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which, when due, will provide moneys that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay, when due, the principal or

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Section 12.01 upon their maturity date or dates and (ii) the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 12.01 on any date or dates prior to their maturity. In the event that on any date, as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 12.01, the total amount of moneys and Investment Securities remaining on deposit with the Trustee under this Section 12.01 is in excess of the total amount that would have been required to be deposited with the Trustee on such date with respect to the remaining Bonds of such Series in order to satisfy clause (b) of this subsection (2) of Section 12.01, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution. Except as otherwise provided in this subsection (2) and in subsections (3), (4) and (5) of this Section 12.01, neither moneys nor Investment Securities deposited with the Trustee pursuant to this Section 12.01 nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and the interest on said Bonds; provided, however, that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under this Bond Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay, when due, the principal or Redemption Price, if applicable, of and the interest to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and any interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution.

For the purposes of this Section 12.01, Investment Securities shall mean and include only (y) such securities as are described in clause (i) of the definition of "Investment Securities" in Section 1.01 hereof and that are not subject to redemption prior to their maturity other than at the option of the issuer thereof, or (z) upon compliance with the provisions of subsection (3) of this Section 12.01, such securities as are described in clause (j) of the definition of "Investment Securities" and that are subject to redemption prior to their maturity at the option of the issuer thereof on a specified date or dates. In the event of an advance refunding, the Authority shall cause to be delivered a verification report of an Independent Public Accountant.

3. Investment Securities described in clause (z) of subsection (2) of this Section 12.01 may be included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection (2) of this Section 12.01 if and only if, in making the determination as to whether the moneys and Investment Securities to be deposited with the Trustee would be sufficient to pay, when due, the principal or Redemption Price, if applicable, of and the interest due and to become due on the Bonds that will be deemed to have been paid as provided in subsection (2) of this Section 12.01, such determination is made both (i) on the assumption that the Investment Securities described in said clause (z) were not redeemed at the option of the issuer thereof prior to their maturity date and (ii) on the assumption that such Investment Securities were redeemed by the issuer thereof at its option on each date on which such option could be exercised,

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that as of such date or dates interest ceased to accrue on such Investment Securities, and that the proceeds of such redemption were not reinvested by the Trustee.

4. In the event that, after compliance with the provisions of subsection (3) of this Section 12.01, the Investment Securities described in clause (z) of subsection (2) of this Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection (2) of this Section 12.01 and any such Investment Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee, at the written direction of the Authority, shall reinvest the proceeds of such redemption in Investment Securities; provided, however, that the aggregate of the moneys and Investment Securities to be held by the Trustee, taking into account any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the Authority in accordance with subsection (5) of this Section 12.01, shall at all times be sufficient to satisfy the requirements of clause (b) of subsection (2) of this Section 12.01.

5. In the event that, after compliance with the provisions of subsection (3) of this Section 12.01, the Investment Securities described in clause (z) of subsection (2) of this Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection (2) of this Section 12.01, then any notice of redemption to be mailed by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Authority, that (i) any redemption date or dates with respect to all or any portion of the Bonds to be redeemed on such date or dates may, at the option of the Authority, be changed to any other permissible redemption date or dates, and (ii) redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 12.01 upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of any Investment Securities described in clause (z) of subsection (2) of this Section 12.01 have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to their maturity date. No such change of redemption dates or establishment of redemption dates may be made unless, taking into account such changed redemption dates or newly established redemption dates, the moneys and Investment Securities on deposit with the Trustee (including any Investment Securities deposited with the Trustee in connection with any reinvestment of redemption proceeds in accordance with subsection (4) of this Section 12.01) pursuant to clause (b) of subsection (2) of this Section 12.01 would be sufficient to pay, when due, the principal and Redemption Price, if applicable, of and the interest on all Bonds deemed to have been paid in accordance with subsection (2) of this Section 12.01.

6. Anything in this Bond Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any Bonds that remain unclaimed after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the fiduciaries at such date, or after the date of deposit of such moneys if deposited with the fiduciaries after the said date when such Bonds became due and payable, shall, be applied, when and as provided in the Uniform Unclaimed Property Act, N.J.S.A. 46:30B-1 et seq., and the fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall have such rights as are provided in said Uniform Unclaimed Property Act.

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ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Liability of Authority Limited to Trust Estate.

Notwithstanding anything to the contrary contained in this Bond Resolution or in the Bonds, the Authority shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes in this Bond Resolution, whether for the payment of the principal or Redemption Price, if any, of or the interest on the Bonds or for any other purpose hereof. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority that may be made available to it for such purposes.

SECTION 13.02. Successor Is Deemed Included in All References to Predecessor.

Whenever in this Bond Resolution either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all of the duties, covenants, obligations and agreements contained in this Bond Resolution by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof, whether so expressed or not.

SECTION 13.03. Limitation of Rights to Parties.

Nothing expressed or implied in this Bond Resolution or in the Bonds is intended or shall be construed to give to any person, other than the Authority, the Trustee, the Paying Agent and the Holders of Bonds, any legal or equitable right, remedy or claim under or with respect to this Bond Resolution or any duty, covenant, obligation, agreement, condition or provision herein or therein contained; and all of such duties, covenants, obligations, agreements, conditions and provisions are and shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent and the Holders of Bonds.

SECTION 13.04. Waiver of Notice.

Whenever in this Bond Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 13.05. Destruction of Bonds.

Whenever in this Bond Resolution provision is made for the cancellation of any Bonds by the Trustee and the delivery thereof to the Authority, unless otherwise requested in writing by the Authority, in lieu of such cancellation and delivery, the Trustee shall destroy such Bonds (in the presence of an officer of the Authority, if the Authority shall so require) and deliver a certificate of such destruction to the Authority.

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SECTION 12.02. Evidence of Signatures and Ownership of Bonds.

1. Any request, consent, revocation of consent or other instrument that this Bond Resolution or any Supplemental Resolution may require or permit to be signed and executed by the Holders of Bonds of any Series may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders of Bonds in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, shall be sufficient for any purpose of this Bond Resolution or any Supplemental Resolution (except as otherwise expressly provided therein) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The fact and date of the execution of such instruments by any Holder of any Bond or his attorney may be proved by a guarantee of the signature thereon by a bank or trust company or at the discretion of the Trustee, by a certificate of any notary public or other officer authorized to take acknowledgments of deeds that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or by a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

2. The ownership of Bonds and the amount, numbers, other identification and date of holding the same shall be proved by the registry books maintained by the Authority and kept by the Trustee.

3. Any request or consent by the Holder of any Bond shall be binding on all future Owners of such Bond with respect to anything done or suffered to be done by the Authority or any Trustee in accordance therewith.

SECTION 12.03. Moneys Held for Particular Bonds.

The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

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SECTION 13.06. Severability of Invalid Provisions.

If any one or more of the provisions contained in this Bond Resolution shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained herein, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Bond Resolution shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Bond Resolution and each and every section, paragraph, sentence, clause or phrase hereof, and authorized the issuance of the Bonds pursuant hereto, irrespective of the fact that any one or more of the sections, paragraphs, sentences, clauses or phrases of this Bond Resolution may be held illegal, invalid or unenforceable.

SECTION 13.07. Notices.

1. Any notices, certificates or other communications required or permitted to be given herein shall be in writing (unless otherwise specifically required or permitted herein) and shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Authority, the County, the Corporation, the Trustee, the Paying Agent and the Rating Agency at the addresses set forth below:

- | | | |
|-----|-----------------|---|
| (a) | Authority: | Passaic County Improvement Authority
401 Grand Street
Room 417
Paterson, NJ 07505
Attention: Chairman |
| | With a copy to: | John M. Cantalupo, Esq.
Archer & Greiner P.C.
10 Route 35
Red Bank, NJ 07701 |
| (b) | County: | County of Passaic, New Jersey
Administration Building
401 Grand Street, Room 205
Paterson, NJ 07505
Attention: County Administrator |
| | With a copy to: | Passaic County Counsel
Administration Building
401 Grand Street, Room 223
Paterson, NJ 07505 |
| (c) | Corporation: | Passaic County Affordable Housing Corporation
[] |

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With a copy to:

- (d) Trustee and
Paying Agent:

With a copy to:

The Authority, the County, the Corporation, the County Security Provider, and the Trustee, the Paying Agent may designate any further or different address to which subsequent notices and communications shall be sent by giving notice thereof to the other parties hereto.

2. Whenever any provision hereof requires that notice be sent to the Authority or the Corporation, a copy of such notice shall also be sent to the County at the address set forth in Section 13.07(1)(b) hereof.

SECTION 13.08. Disqualified Bonds.

In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Bond Resolution, Bonds that are owned or held by or for the account of the Authority, the Corporation, or any other primary or secondary obligor on the Loan Agreement, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Corporation or any other primary or secondary obligor on the Loan Agreement, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purpose of this Section 13.08 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Corporation or any other primary or secondary obligor on the Loan Agreement. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of Counsel shall be full protection to the Trustee.

SECTION 13.09. Funds and Accounts.

Any Fund, Account or subaccount required by this Bond Resolution to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund, an account or a subaccount, and, for the purposes of such records, any audits thereof and any reports or statements with respect thereto may be treated either as a fund, an account or a subaccount; but all such records with respect to all such Funds, Accounts or subaccounts shall at all times be maintained in accordance with generally accepted accounting principles to the extent practicable.

ARTICLE XIV

BOND FORM AND EFFECTIVE DATE

SECTION 14.01. Form of Bonds, Trustee's Certificate of Authentication and County Guaranty Certificate.

Subject to the provisions of this Bond Resolution, the form of the Series 2024 Bonds and any other Series of Bonds designated by Supplemental Resolution, with any appropriate changes as set forth in any such Supplemental Resolution, the Trustee's certificate of authentication and the County Guaranty Certificate, shall be in substantially the following form:

SECTION 13.10. Waiver of Personal Liability.

No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal or Redemption Price, if any, of or the interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, all such liability, if any, being expressly waived and released by each Holder of Bonds by the acceptance of such Bonds, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by this Bond Resolution or by law.

SECTION 13.11. Authority Protected in Acting in Good Faith.

In the exercise of the powers of the Authority and its members, officers, agents and employees under this Bond Resolution, the Loan Agreement or any other document executed in connection with the Bonds, the Authority shall not be accountable to the Corporation, the Trustee, the Paying Agent, any Bondholder or any other Veterans Housing Project Interested Party for any action taken or omitted in good faith by it or its members, officers, agents and employees and believed by it or them to be authorized or within the discretion or rights or powers conferred thereon.

SECTION 13.12. Business Days.

Except as otherwise specifically provided in this Bond Resolution, if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day at the place of payment or performance, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date, and in case any payment of the principal or Redemption Price, if any, of or the interest on any Bond shall be due on a date that is not a Business Day, interest on such principal amount shall cease to accrue on the date on which such payment was due if such payment is made on the immediately succeeding Business Day.

[FORM OF BOND]

UNITED STATES OF AMERICA

STATE OF NEW JERSEY

COUNTY OF PASSAIC

THE PASSAIC COUNTY IMPROVEMENT AUTHORITY

COUNTY OF PASSAIC GUARANTEED

REVENUE BONDS (SENIOR HOUSING PROJECT), SERIES 20__

No. R-_____ CUSIP: _____

Interest Rate	Maturity Date	Dated Date	Authentication Date
%			

BOND NEEDS FULL UPDATING

Registered Owner: CEDE & CO.

Principal Sum: [] DOLLARS (\$[])

THE PASSAIC COUNTY IMPROVEMENT AUTHORITY (the "Authority"), a public body corporate and politic created and existing under the laws of the State of New Jersey, including the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (the "Act"), acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or its registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of _____ (such bank and any successors thereto being herein called the "Trustee" and "Paying Agent"), the Principal Sum stated hereon in any coin or currency of the United States of America that at the time of such payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on _____ and _____ in each year, commencing [_____, 20 / _____, 20], until the Authority's obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest from the Dated Date stated hereon on such Principal Sum by check or draft of the Paying Agent mailed to such Registered Owner who shall appear as of the first day (whether or not such day shall be a Business Day) of the month in which such interest payment date occurs on the books of the Authority maintained by the Trustee.

This bond is one of a duly authorized Series of Bonds of the Authority designated "County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 2024" (herein called the "Series 2024 Bonds"), in the aggregate principal amount of \$ _____ (not exceeding

§ _____) issued under and in full compliance with the Constitution and statutes of the State of New Jersey, including the Act, and under and pursuant to a resolution of the Authority authorizing the Series 2024 Bonds (as hereinafter defined) adopted on March 27, 2024 and entitled "Resolution Authorizing the Issuance of County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 of The Passaic County Improvement Authority", as amended by a Certificate of an Authorized Officer of the Authority dated _____, 2024, and executed in connection with Section 2.02(1)(c) of said resolution (together with any further amendments thereto or supplements thereto, the "Bond Resolution").

All capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Bond Resolution.

As provided in the Bond Resolution, the Series 2024 Bonds, and all other bonds issued on a parity with the Series 2024 Bonds under the Bond Resolution (herein collectively called the "Bonds"), are special and limited obligations of the Authority payable solely from, and secured as to the payment of the principal or Redemption Price thereof and the interest thereon in accordance with their terms and the provisions of the Bond Resolution solely by, the Trust Estate, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.

The Trust Estate under the Bond Resolution includes (i) certain of the Authority's right, title and interest in and to that certain Corporation Loan Agreement (Passaic County Veterans Housing Project, Series 2024) dated as of _____, 2024 (the "Corporation Loan Agreement") by and between the Authority and the Corporation, including, without limitation, the Basic Loan Payments and certain Additional Loan Payments earmarked for the Purchase Option Price or the Mandatory Purchase Price (collectively the "Loan Payments") by the Corporation as defined in and contemplated by the Corporation Loan Agreement, (ii) with respect to the payment of the principal of and the interest on the Series 2024 Bonds only, payments made by the County under its guaranty ordinance finally adopted on _____, 2024, as amended and supplemented, all in accordance with Section 37 of the Act (N.J.S.A. 40:37A-80) and other applicable law, the guaranty certificate executed by an Authorized Officer of the County on the face of each Series 2024 Bond, and that certain County Guaranty Agreement (Passaic County Veterans Housing Project, Series 2024) dated as of _____, 2024 (the "County Guaranty Agreement") between the Authority and the County (collectively, the "County Guaranty"), and (iii) all other Funds and Accounts established under the Bond Resolution (other than the Administrative Fund and the County Security Fund, if any), including Investment Securities held in any such Fund thereunder, together with all of the proceeds and revenues of the foregoing, and (iv) all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and the interest on the Series 2024 Bonds in accordance with the terms and provisions of the Bond Resolution.

Copies of the Bond Resolution are on file at the office of the Authority and at the above-mentioned office of the Trustee, and reference is hereby made to the Act and to the Bond Resolution (including any and all supplements thereto and modifications and amendments thereof) for a description of the pledge, assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the Bondholders with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or

security thereunder and for the other terms and provisions thereof. All duties, covenants, agreements and obligations of the Authority under the Bond Resolution may be discharged and satisfied at or prior to the maturity or redemption of this bond if moneys or certain specified securities shall have been deposited with the Trustee.

As provided in the Bond Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions in one or more Series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Bond Resolution provided. The aggregate principal amount of Bonds that may be issued under the Bond Resolution is not limited, and all Bonds issued and to be issued under the Bond Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Bond Resolution.

To the extent and in the manner permitted by the terms of the Bond Resolution, the provisions of the Bond Resolution (including any resolution amendatory thereof or supplemental thereto) may be modified or amended by the Authority, (i) without the consent of the Bondholders as provided in the Bond Resolution or (ii) with the written consent of the Holders of at least two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding under the Bond Resolution at the time such consent is given, and, in case less than all of the several Series of Bonds then Outstanding are affected thereby, with such consent of at least two-thirds (2/3) in aggregate principal amount of the Bonds of each Series so affected and Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding under the Bond Resolution, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption (including Sinking Fund Installments) or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of the Paying Agent without its written assent thereto.

This bond is transferable, as provided in the Bond Resolution, only upon the books of the Authority kept for that purpose at the above-mentioned office of the Trustee, as bond registrar, by the Registered Owner hereof in person or such Registered Owner's duly authorized attorney in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee, as bond registrar, duly executed by the Registered Owner or such Registered Owner's duly authorized attorney, and thereupon a new fully registered bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Authority, the Trustee and the Paying Agent may deem and treat the Registered Owner as the absolute Owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and the interest due hereon and for all other purposes.

The Series 2024 Bonds maturing on or before _____, 20__ shall not be subject to optional redemption prior to their respective maturity dates. The Series 2024 Bonds maturing on and after

_____, 20__ shall be subject to redemption prior to their respective maturity dates, on or after _____, 20__ at the option of the Authority, upon notice as described in the Bond Resolution, either in whole at any time, or in part on any Interest Payment Date in such order of maturity as the Authority shall determine and within a single maturity by lot, at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed, plus interest accrued to the date of redemption.

[The Series 2024 Bonds shall not be subject to extraordinary optional redemption prior to their stated maturities.]

[The Series 2024 Bonds maturing _____, 20__ are subject to mandatory redemption prior to their stated maturities, through selection by the Trustee and upon the giving of notice as provided by the Bond Resolution, by payment of the following "Sinking Fund Installments" on _____ of each year set forth in the table below, at a Redemption Price equal to one hundred percent (100%) of the principal amount to be redeemed, plus interest accrued to the date of redemption.

\$ _____ % Term Bond Due _____, 20__, Yield ___ %	
Year	Sinking Fund Installment
20__	
20__*	

* Final Maturity

The Series 2024 Bonds maturing _____, 20__ are subject to mandatory redemption prior to their stated maturities, through selection by the Trustee and upon the giving of notice as provided by the Bond Resolution, by payment of the following "Sinking Fund Installments" on _____ of each year set forth in the table below, at a Redemption Price equal to one hundred percent (100%) of the principal amount to be redeemed, plus interest accrued to the date of redemption.

\$ _____ % Term Bond Due _____, 20__, Yield ___ %	
Year	Sinking Fund Installment
20__	
20__	
20__	
20__	
20__	
20__*	

* Final Maturity

The Bond Resolution contains additional provisions regarding certain other rights to

redemption of one or more Series of the Series 2024 Bonds prior to their stated maturities thereof.

The Series 2024 Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee, postage prepaid, not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date, to the Registered Owners of any Series 2024 Bonds or portions thereof to be redeemed at their last addresses, if any, appearing upon the registry books, all in the manner and upon the terms and conditions set forth in the Bond Resolution. If notice of redemption shall have been mailed as aforesaid, the Series 2024 Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all of the Series 2024 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2024 Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the Registered Owner of any Series 2024 Bonds to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of Series 2024 Bonds.

The principal or Redemption Price of and the interest on the Series 2024 Bonds are payable by the Authority solely from the Trust Estate, and neither the State of New Jersey, the County (except to the extent of payments under the County Guaranty, which shall not secure the payment of any redemption premium), nor any political subdivision thereof, other than the Authority (but solely to the extent of the Trust Estate), is obligated to pay the principal or Redemption Price of or the interest on this bond and the issue of which it is one, and neither the full faith and credit nor the taxing power of the State of New Jersey, the County (except to the extent of the payments under the County Guaranty, which guaranty shall not secure the payment of any redemption premium) or any political subdivision thereof, including the Authority (which has no taxing power), is pledged to the payment of the principal or Redemption Price of or the interest on this bond and the issue of which it is one.

It is hereby certified and recited that all conditions, acts and things required by law and the Bond Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the Series of Bonds of which this is one, together with all other indebtedness of the Authority, complies in all respects with the applicable laws of the State of New Jersey, including, particularly, the Act.

This bond shall not be entitled to any benefit under the Bond Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, THE PASSAIC COUNTY IMPROVEMENT AUTHORITY has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman or Vice Chairman, and its seal to be impressed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the Dated Date hereof.

THE PASSAIC COUNTY IMPROVEMENT AUTHORITY

By: _____
Chairman or Vice Chairman

[SEAL]

Attest:

Secretary or Assistant Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION ON BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2024 Bonds delivered pursuant to the within-mentioned Bond Resolution.

_____, as Trustee

By: _____
Authorized Signatory

[FORM OF COUNTY GUARANTY CERTIFICATE]

GUARANTY OF THE COUNTY OF PASSAIC, NEW JERSEY

The payment of the principal of and the interest on this Series 2024 Bond shall be fully, irrevocably and unconditionally guaranteed by the County of Passaic, State of New Jersey (the "County"), in accordance with the provisions of N.J.S.A. 40:37A-80, the guaranty ordinance of the County finally adopted pursuant thereto, and that certain "County Guaranty Agreement (Veterans Housing Project)" dated as of February 27, 2024, between the County and The Passaic County Improvement Authority, and accordingly, the County is fully, irrevocably and unconditionally liable for the payment, when due (whether at stated maturity or earlier on any date of redemption or acceleration), of the principal of and the interest on this Series 2024 Bond, and, if necessary, the County shall levy *ad valorem* taxes upon all the taxable property within the County, without limitation as to rate or amount, in order to make such payments.

IN WITNESS WHEREOF, the County has caused this Guaranty Certificate to be executed by the manual or facsimile signature of its Commissioner-Director.

COUNTY OF PASSAIC, NEW JERSEY

By: _____
Commissioner - Director

The following abbreviations, when used in the inscription on this bond, shall be construed as though they were written out in full according to applicable laws or regulations (additional abbreviations may also be used though not in the following list):

TEN COM - as tenants in common

UNIF GIFT MIN ACT

TEN ENT - as tenants by the entireties

Custodian
(Cust) (Minor)
under Uniform Gifts to Minors Act

JT TEN - as joint tenants with right of survivorship and not as tenants in common

(State)

ASSIGNMENT

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE (FOR COMPUTER RECORD ONLY): _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto
(Please Print or Typewrite Name and Address of Transferee)

the within bond, and all rights thereunder and hereby irrevocably constitutes and appoints

_____, Attorney, to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranty:

Signature:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank, trust Corporation, national bank association or other banking institution incorporated under the laws of the United States or a state of the United States.

NOTICE: The signature of this Assignment must correspond with the name that appears upon the first page of the within bond in every particular, without alteration or enlargement or any change whatever.

SECTION 14.02. Effective Date.

This Bond Resolution shall take effect immediately. Notwithstanding the prior sentence, in accordance with N.J.S.A. 40:37A-50, the Secretary of the Authority is hereby authorized and directed to submit to each member of the Board of County Commissioners, by the end of the fifth business day following this meeting, a copy of the minutes of this meeting. The Secretary is hereby further authorized and directed to obtain from the Clerk of the Board of County Commissioners a certification from the Clerk stating that the minutes of this meeting have not been vetoed by the Director of the Board of County Commissioners.

EXHIBIT A

FORM OF AUTHORITY FINANCING DOCUMENTS

Recorded Vote:

Ayes:

Absent:

I, _____, Secretary of The Passaic County Improvement Authority, County of Passaic, State of New Jersey, do hereby certify that the foregoing is a true copy of a Bond Resolution adopted by said Passaic County Improvement Authority at its meeting of March 27, 2024.

_____, Secretary

LOAN AGREEMENT

By and Between

THE PASSAIC COUNTY IMPROVEMENT AUTHORITY

And

PASSAIC COUNTY AFFORDABLE HOUSING CORPORATION

Dated as of November 1, 2024

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LOAN AGREEMENT

THIS LOAN AGREEMENT (including any amendments or supplements hereto from time to time in accordance with the terms hereof, this “*Loan Agreement*”), dated as of November 1, 2024, is made by and among **THE PASSAIC COUNTY IMPROVEMENT AUTHORITY** (including any successors and assigns, the “*Authority*”), duly created by ordinance of the Board of Chosen Freeholders (now Board of County Commissioners) (the “*Board of County Commissioners*”) of the County of Passaic (the “*County*”), State of New Jersey (the “*State*”) as a public body corporate and politic of the State pursuant to and in accordance with the provisions of the County Improvement Authorities Law, constituting Chapter 183 of the Laws of New Jersey of 1960, and the acts amendatory thereof and supplemental thereto (as codified at N.J.S.A. 40:37A-44 *et seq.*, the “*Act*”) and other applicable law, and the **PASSAIC COUNTY AFFORDABLE HOUSING CORPORATION**, a New Jersey not-for-profit corporation and a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “*Code*”) (including any successors and assigns, the “*Corporation*”).

WHEREAS, the Authority has been duly created by resolution duly adopted by the Board of County Commissioners of the County in the State as a public body corporate and politic of the State pursuant to and in accordance with the Act and other applicable law;

WHEREAS, the Authority has been duly created by resolution duly adopted by the Board of County Commissioners of the County as a public body corporate and politic of the State pursuant to and in accordance with the Act, and other applicable law;

WHEREAS, Corporation proposes to acquire certain real estate (the “*Project Site*”) located in the Borough of Pompton Lakes (the “*Borough*”), and to construct thereon a multifamily rental housing project (the “*Housing Project*”), comprising approximately 65 one-bedroom units, exclusively for use by low and moderate income senior citizen households with preference for veterans and Borough residents;

WHEREAS, the Project Site is expected to be acquired by the Corporation pursuant to a Purchase and Sale Agreement (the “*Purchase and Sale Agreement*”) between the County, as seller, and the Corporation, as buyer;

WHEREAS, pursuant to the Purchase and Sale Agreement, the Corporation will be required to pay the purchase price for the Project Site;

WHEREAS, the Corporation expects to enter into a Housing Assistance Payments Contract (the “*HAP Contract*”) with the Passaic County Public Housing Agency (the “*Agency*”), by which the Agency will agree, subject to the satisfaction of certain requirements, to make certain periodic subsidy payments to the Corporation (the “*HAP Payments*”), which are expected to be derived from periodic payments from the United States Department of Housing and Urban Development to the Agency, in support of the affordable housing units to be provided by the Veterans Housing Project;

WHEREAS, in anticipation of the execution and delivery of the HAP Contract, the Corporation has entered into an Agreement to Enter Into a Housing Assistance Payments Contract with the Agency (the “*Agreement to Enter HAP Contract*”);

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WHEREAS, the Corporation expects to charge rents in respect of the use and occupancy of the units comprising the Veterans Housing Project (the “*Rents*”), which rents shall be subject to certain limitations imposed by the HAP Contract and applicable federal and state regulations;

WHEREAS, in accordance with the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the “*LRHL*”), the governing body of the Borough has, by resolution adopted on _____, 20____, designated a portion of the Borough, including the Project Site, as a non-condemnation area in need of redevelopment (the “*Redevelopment Area*”);

WHEREAS, in accordance with the LRHL, the governing body of the Borough has, by ordinance finally adopted on July 19, 2023, adopted a redevelopment plan governing the Redevelopment Area (the “*Redevelopment Plan*”);

WHEREAS, in accordance with the LRHL, the Borough’s designated redevelopment entity, the Pompton Lakes Redevelopment Agency, has, by resolution adopted on August 21, 2023, designated the Corporation as the redeveloper of the Project Site and has authorized the execution and delivery of a redevelopment agreement with the Corporation (the “*Redevelopment Agreement*”), by which the Corporation has agreed to construct the Housing Project;

WHEREAS, in accordance with the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., the governing body of the Borough has, by ordinance finally adopted on August 16, 2023, authorized the execution and delivery of a financial agreement with the Corporation (the “*Financial Agreement*”), by which the Corporation has agreed to pay certain service charges in lieu of property taxes on the Project Site and the Project;

WHEREAS, pursuant to Section 37 (“*Section 37*”) of the Act (N.J.S.A. 40:37A-80) and other applicable law, the Board of County Commissioners of the County has finally adopted a guaranty ordinance on February 27, 2024 (the “*Guaranty Ordinance*”) in support of the redevelopment project consisting of the construction of the Veterans Housing Project by the Corporation;

WHEREAS, in furtherance thereof, the Authority has determined to issue and sell up to \$20,000,000 aggregate principal amount of its County Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 (the “*Series 2024 Bonds*”) to finance certain costs of the Housing Project; and

WHEREAS, the County and the Authority have determined that it in their best interests to, among other things: (i) issue the Series 2024 Bonds for the purpose of financing the costs of constructing the Veterans Housing Project, (ii) authorize and execute this Loan Agreement by and between the Authority and Corporation, (iii) adopt the Guaranty Ordinance, execute the hereinafter-defined Guaranty Agreement and execute a certificate of guaranty on the face of each Series 2024 Bond (collectively, “*County Guaranty*”), authorizing the guaranty of the principal of and interest on the Series 2024 Bonds, (iv) authorize and execute the hereinafter-defined Subsidy and Deficiency Agreement for the Series 2024 Bonds to provide for an initial County capital contribution and certain ongoing County subsidy payments and deficiency payments pursuant to N.J.S.A. 40:37A-79 of the Act as more fully described herein, and (v) take any and all other actions

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deemed necessary, desirable and convenient in connection with matters detailed herein (collectively, the “*Series 2024 Project*”);

WHEREAS, the Series 2024 Bonds shall be sold by negotiated sale to one or more entities as determined by the Authority, as underwriter(s) (collectively, the “*Underwriter*”) of the Series 2024 Bonds, the terms of which sale shall be as set forth in that certain Bond Purchase Agreement (as defined herein);

WHEREAS, the Series 2024 Bonds shall be issued pursuant to the terms of a bond resolution adopted by the governing body of the Authority on March 27, 2024, as may be amended and supplemented from time to time in accordance with its terms, including by a certificate of an Authorized Officer of the Authority to be dated the date of issuance of the Series 2024 Bonds (collectively, the “*Bond Resolution*”), the Act and other applicable law;

WHEREAS, the payment of the principal (including mandatory sinking fund installments, if any) of, and interest (at interest rates not to exceed the maximum rates set forth in the Local Finance Board Application) on the Series 2024 Bonds, but not any redemption premium, shall be fully, unconditionally and irrevocably guaranteed in accordance with (i) the terms of the Guaranty Ordinance, (ii) by a guaranty certificate to be executed by an authorized officer of the County within each Series 2024 Bond and (iii) a Guaranty Agreement to be dated the date of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*Guaranty Agreement*”) by and between the County and the Authority, setting forth, among other things, the County’s obligation to make any such guaranty payments in accordance with and within the parameters set forth in this Guaranty Ordinance and the Bond Resolution, all pursuant to Section 37 and other applicable law, which payments are included as part of the hereinafter-defined Trust Estate applicable to the Series 2024 Bonds pledged by the Authority to the Trustee under the Bond Resolution (the “*Trustee*”);

WHEREAS, simultaneously with the issuance of the Series 2024 Bonds, the Authority and the Corporation will each enter into this Loan Agreement, by which the Corporation will agree to make certain periodic loan repayments to the Authority (the “*Loan Repayments*”) in amounts that are sufficient, in both time and amount, to pay all debt service requirements in respect of the Series 2024 Bonds, taking into account various credits, as provided herein;

WHEREAS, the Loan Repayments are expected to be derived from, and will be secured by a pledge and assignment of, all revenues received by the Corporation, including but not limited to the Rents and the HAP Payments;

WHEREAS, simultaneously with the issuance of the Series 2024 Bonds, the County, the Authority and the Trustee will each enter into a Capital Contribution, Deficiency Agreement to be dated the date of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*Subsidy and Deficiency Agreement*”), setting forth, among other things, the rights to receive payment from the County, subject to annual appropriation, pursuant to N.J.S.A. 40:37A-79 of the Act, representing (i) an initial capital contribution in support of the Housing Project, (i.e., the “*Capital Contribution*”), as defined therein, (ii) certain scheduled payments to be made by the County in support of the Housing Project (i.e., the “*Subsidy Payments*”, as defined therein) and (iii) certain voluntary

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payments in the case of any Deficiency (as defined herein), prior to any mandatory payment under the County Guaranty (i.e., the “*Deficiency Payments*”, as defined therein);

WHEREAS, the debt service payable on the Series 2024 Bonds is expected to be paid from, and will be secured by, the revenues received by the Corporation, together with any Subsidy Payments and Deficiency Payments made from time to time by the Authority;

WHEREAS, payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2024 Bonds, shall be secured by the Trust Estate (as defined herein), including the above-referenced sources and any payments made from time to time by the Corporation under the County Guaranty (the “*Guaranty Payments*”);

WHEREAS, pursuant to this Loan Agreement and this Bond Resolution, all revenues received by (or for the benefit of) the Corporation will be deposited with the Trustee, and will thereupon be used to make Loan Repayments, pay the costs of operating and maintaining the Housing Project, provide necessary reserves, and reimburse the County for any and all Deficiency Payments and Guaranty Payments;

WHEREAS, to further secure the reimbursement of the Deficiency Payments and the Guaranty Payments, the Corporation will execute and deliver (i) a Mortgage to be dated the date of issuance of the Series 2024 Bonds (the “*Mortgage*”), granting to the County a first lien mortgage on the Project Site and the Housing Project; (ii) a Security Agreement to be dated the date of issuance of the Series 2024 Bonds (the “*Security Agreement*”), granting to the County a security interest in the Corporation’s personal property, accounts, rents and general intangibles, subject only to such lien (if any) as may be granted by the Corporation to the Authority or the Trustee to secure payment of the Loan Repayments, and (iii) an Assignment of Leases to be dated the date of issuance of the Series 2024 Bonds (the “*Assignment of Leases*”), assigning to the County all leases and proceeds thereof, subject only to such assignment (if any) as may be granted by the Corporation to the Authority or the Trustee to secure payment of the Loan Repayments;

WHEREAS, the Mortgage, the Security Agreement and the Assignment of Leases (collectively, the “*County Security Documents*”) shall secure only the County, and shall not constitute security for the Series 2024 Bonds;

WHEREAS, pursuant to the terms of this Bond Resolution, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 of the U.S. Securities and Exchange Commission (“*Rule 15c2-12*”), the County will be required to enter into that certain County Continuing Disclosure Agreement dated the first day of the month of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*County Continuing Disclosure Agreement*”) with the dissemination agent named therein, in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the County Continuing Disclosure Agreement, the Authority shall (i) not be considered a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, and (ii) be required to provide certain material events notices in accordance with Rule 15c2-12, and accordingly, the Authority shall be required to

provide such material events notices under the terms of the County Continuing Disclosure Agreement, all in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, the Corporation, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, shall be required to enter into that certain Corporation Continuing Disclosure Agreement dated the first day of the month of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*Corporation Continuing Disclosure Agreement*”) with the dissemination agent named therein, in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, in accordance with the Act and N.J.S.A. 40A:5A-6, 7 and 8 of the Local Authorities Fiscal Control Law, the Authority has made an application (the “*Local Finance Board Application*”) seeking findings and approval from the Local Finance Board (the “*Local Finance Board*”) in the Department of Local Government Services of the State Department of Community Affairs;

WHEREAS, the Local Finance Board issued positive findings and approval in respect of the Local Finance Board Application at its meeting held on February 11, 2024;

WHEREAS, in order to market and sell the Series 2024 Bonds by negotiated sale the Authority shall have authorized (a) the distribution of a preliminary official statement “deemed final” within the meaning and for the purposes of Rule 15c2-12 describing the terms of the Series 2024 Bonds (the “*Preliminary Official Statement*”); (b) the execution and delivery of a bond purchase agreement (the “*Bond Purchase Agreement*”) with the Underwriter to purchase all or a portion of the Series 2024 Bonds; and (c) the execution and delivery of a final Official Statement incorporating the terms of the sale of the Series 2024 Bonds and certain other information into the Preliminary Official Statement (the “*Official Statement*”), and together with the Preliminary Official Statement, and the Bond Purchase Agreement, and any of the same or other offering or sale documents that may be required, the “*Sale Documents*”;

WHEREAS, in accordance with Section 13 (“*Section 13*”) of the Act (N.J.S.A. 40:37A-56), the Authority has heretofore made a detailed report regarding the Series 2024 Project to the Board of County Commissioners, which report includes, without limitation, descriptions of the Series 2024 Bonds, this Bond Resolution, the Loan Agreement, the County Security Documents, the County Continuing Disclosure Agreement, the Corporation Continuing Disclosure Agreement, the County Guaranty, the Guaranty Agreement, the Subsidy and Deficiency Agreement and, to the extent available, the Sale Documents (collectively, the “*Financing Documents*”), and which report and amended report has been accepted by the County by resolution adopted by the Board of County Commissioners on March 27, 2024 pursuant to Section 13;

NOW, THEREFORE, in consideration of the premises and certain other consideration, the sufficiency of which is hereby acknowledged, the parties hereto mutually agree as follows:

**ARTICLE I
DEFINITIONS AND EXHIBITS**

SECTION 101. Definitions.

(a) 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. Words in the singular shall include the plural and words in the plural shall include the singular where the context so requires. Terms used in this Loan Agreement and not otherwise defined shall have the meaning assigned to them in the Bond Resolution.

(b) The following defined terms shall have the respective meanings ascribed to such terms in the preambles hereof:

- Act
- Agency
- Agreement to Enter HAP Contract
- Assignment of Leases
- Authority
- Board of County Commissioners
- Borough
- Bond Purchase Agreement
- Bond Resolution
- Capital Contribution
- Code
- Corporation
- Corporation Continuing Disclosure Agreement
- Loan Agreement
- County
- County Continuing Disclosure Agreement
- County Guaranty
- County Security Documents
- Deficiency Payments
- Financial Agreement
- Financing Documents
- Guaranty Agreement
- Guaranty Ordinance
- Guaranty Payments
- HAP Contract
- HAP Payments
- Housing Project
- Loan Agreement
- Loan Repayments
- Local Finance Board
- Local Finance Board Application

- LRHL
- Mortgage
- Preliminary Official Statement
- Project Site
- Purchase and Sale Agreement
- Official Statement
- Redevelopment Agreement
- Redevelopment Area
- Redevelopment Plan
- Rents
- Rule 15c2-12
- Sale Documents
- Section 13
- Section 37
- Security Agreement
- Series 2024 Bonds
- Series 2024 Project
- State
- Subsidy and Deficiency Agreement
- Subsidy Payments
- Trustee
- Underwriter

(c) The following defined terms shall, for all purposes of this Loan Agreement, have the following meanings:

“**Additional Loan Payment**” shall mean any amount payable by the Corporation at the times and under the other terms of the Loan Agreement, other than Basic Loan Payments, including without limitation, (i) Administrative Expenses not otherwise provided from a portion of the proceeds of the Bonds, (ii) interest on any past due Loan Payments payable at the Overdue Rate (but not any such past due Basic Loan Payment), (iii) any Optional Prepayment in accordance with Section 701 of the Loan Agreement, and (iv) any Mandatory Prepayment in accordance with Section 702 of the Loan Agreement.

“**Administrative Expenses**” shall mean the fees and expenses which are incurred from time to time by or on behalf of the Authority, the County, or the Corporation in carrying out their respective rights and duties under the terms of the Financing Documents, including, without limitation, accounting, administrative, financial advisory, and legal expenses, the fees and expenses of the Trustee, any paying agents or any other fiduciaries or agents acting on behalf of the Authority, the County, or the Corporation, under or pursuant to the terms of the Financing Documents, which amounts shall be due and payable by the Corporation as an Additional Loan Payment at the times set forth in the Financing Documents, or, as applicable, upon presentation of an invoice for payment.

“**Authority Documents**” shall mean all Financing Documents to which the Authority is a party.

“Authorized Officer” or “Authorized Representative” shall mean, (i) with respect to the Authority: the Chairman, the Vice Chairman, the Treasurer, the Secretary or the Executive Director of the Authority and, when used with reference to an act or document, also means any other person who shall be authorized by resolution or the by-laws of the Authority to perform such act or to execute such document or any other person or persons who shall be authorized by resolution of the Authority to act on behalf of the Authority or by a written certificate duly executed on behalf of the Authority by the Chairman or by the Vice Chairman of the Authority, which certificate shall set forth such authorization and shall contain the specimen signatures of each such person; (ii) with respect to the Trustee: any officer of the Trustee authorized by the Trustee to act or execute documents on behalf of the Trustee; (iii) with respect to Corporation: any officer of the Corporation authorized by the Corporation to act or execute documents on behalf of the Corporation; or (iv) with respect to the County, the County Administrator of the County and, when used with reference to an act or document, also means any other person who shall be authorized by State statute, ordinance, resolution, by-laws or Administrative Code of the County to perform such act or to execute such document or any other person or persons who shall be authorized by resolution or ordinance of the Board of County Commissioners to act on behalf of the County or by a written certificate duly executed on behalf of the County by the County Administrator of the County, which certificate shall set forth such authorization and shall contain the specimen signatures of each such person.

“Base Rate” shall mean the rate of interest established by the Trustee from time to time as its reference rate in making loans but does not reflect the rate of interest charged to any particular class of borrowers, and is not tied to any external rate of interest or index. The applicable rate will change automatically and immediately as of the date the Trustee changes its Base Rate, without notice to any party. If no other rate shall be so established by the Trustee, the Base Rate shall be the Trustee’s prime rate as determined from time to time.

“Basic Loan Payment” shall mean, as of each Basic Loan Payment Date, the sum of the Interest Portion and the Principal Portion corresponding to such Basic Loan Payment Date and designated as a Basic Loan Payment.

“Basic Loan Payment Date” shall mean the first calendar day of each month, commencing _____ 1, 202[___], or if not a Business Day, the first Business Day prior to such date.

“Bond Counsel” shall mean Archer & Greiner P.C., or any other attorney at law, or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exclusion of interest on bonds or other obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state.

“Bond Year” shall mean (i) with respect to any Series of Outstanding Bonds, including the Series 2024 Bonds, a period of 12 consecutive months beginning on _____ of any calendar year and ending on _____ of the immediately succeeding calendar year except that (ii) the first Bond Year with respect to the Series 2024 Bonds shall be a period commencing on the date of issuance of the Series 2024 Bonds and ending on _____, 20____ and (iii) the first Bond Year with respect to any other Series of Bonds shall be a period commencing on the date of issuance of such Series of Bonds and ending on the succeeding ____ day of _____.

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Development Contract shall relieve the Corporation from its obligations under the Loan Agreement and the other Financing Documents, which obligations shall include the Corporation’s continual obligation to design, permit, acquire, construct, install, operate and maintain the Housing Project.

“Draw Date” shall have the meaning ascribed to such term in Section 510(b) of this Loan Agreement, and shall not be a regularly scheduled set of dates, but shall occur no more frequently than twice a month.

“Draw Papers” shall have the meaning ascribed to such term in Section 5.10(c) of this Loan Agreement.

“Event of Default” shall have the meaning ascribed to such term in Section 1001 of this Loan Agreement.

“Interest Payment Date” shall mean, the date on which interest on the Bonds, including the Series 2024 Bonds, is required to be paid to the Holders thereof, (i) being the first (1st) day of each _____ and _____ until final maturity of the Bonds, including the Series 2024 Bonds, commencing _____ 1, 202[___], which shall constitute a regularly scheduled Interest Payment Date, or the date of (ii) redemption or (iii) acceleration of the Bonds, including the Series 2024 Bonds.

“Interest Portion” shall mean, with respect to Basic Loan Payments due on any Basic Loan Payment Date, the portion of such Basic Loan Payment equal to one-sixth (1/6) of the interest due and owing on the Outstanding Bonds, including the Series 2024 Bonds, on the immediately succeeding Interest Payment Date, as set forth in Exhibit A-2 to the Loan Agreement, less other amounts available under the Bond Resolution, if any, to make the payment on time and in full of the interest on the Bonds on the next occurring Interest Payment Date of the Bonds.

“Loan Payments” shall mean all amounts due and payable by the Corporation pursuant to the terms of this Loan Agreement, and shall consist of Basic Loan Payments and the Additional Loan Payments.

“Mandatory Prepayment” shall have the meaning ascribed to such term in Section 702 of this Loan Agreement relating to the acceleration of the Bonds of any Series, including the Series 2024 Bonds.

“Net Proceeds” shall mean any insurance, condemnation, performance bond, or any other financial guaranty proceeds paid with respect to any portion of the Housing Project, remaining after payment therefrom of all expenses incurred in the collection thereof.

“Operating Account” means the account so designated, established by the Corporation pursuant to Section 308 of this Loan Agreement.

“Optional Prepayment” shall have the meaning ascribed to such term in Section 701 of the Loan Agreement relating to the optional redemption of the Bonds of any Series, including the Series 2024 Bonds.

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“Bondholder”, “Bond Holder”, “Holder” or “Holder of Bonds” shall mean the registered owner of any Series of Bonds of the Authority, including the Authority’s Series 2024 Bonds.

“Business Day” shall mean, with respect to the Bonds of any Series, any day other than (i) a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the Principal Office of the Authority, the Trustee or the Paying Agent is located, are closed, or (ii) a day on which the New York Stock Exchange is closed.

“Certificate” shall mean a written certificate signed in the name of the Authority, the County, the Corporation or the Trustee. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

“Collection Account” means the account so designated, established by the Corporation pursuant to Section 301 of this Loan Agreement.

“Completion Certificate” shall mean a certificate in the form attached as Exhibit B to this Loan Agreement, executed by an Authorized Officer of the Corporation and acknowledged as to form only by an Authorized Officer of the Authority, evidencing, among other things, that the Housing Project has been completed in accordance with the Plans and Specifications therefor, and determining any matters regarding the application of excess funds in accordance with Section 5.02 of the Bond Resolution.

“Corporation Disclosure” shall mean that portion of the Preliminary Official Statement and the Official Statement, including the appendices thereof, relating to the Housing Project and the Corporation, together with such similar and/or additional information that may be provided on an ongoing basis pursuant to the Corporation Continuing Disclosure Agreement, which may include financial, demographic or other information supplied by or on behalf of the Corporation, or a link or other reference to such information, all as shall be designated in the Corporation Continuing Disclosure Agreement, and as to which the Corporation shall make certain certifications under federal securities law.

“Corporation Documents” shall mean the Purchase and Sale Agreement, the Loan Agreement, the Corporation Continuing Disclosure Agreement, the County Security Documents, the Redevelopment Agreement, the Financial Agreement, the Agreement to Enter HAP Contract, and, when executed and delivered, the HAP Contract, together with any other contract, agreement or other document (including, but not limited to, any Development Contract) entered into, or to be entered into, by the Corporation in connection with the Housing Project and/or the Bonds.

“Contractor” shall mean any contractor, subcontractor or other third-party designated by the Corporation through a Development Contract or otherwise, in either case as the entity obligated to design, permit, acquire, construct and/or install all or a portion of the Housing Project.

“Development Contract” shall mean any contract obligating any contractor, subcontractor or other third-party, as Contractor and on behalf of the Corporation, to design, permit, acquire, construct and/or install all or a portion of the Housing Project. Nothing in any

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“Overdue Rate” shall mean two percent (2%) per annum over the Base Rate, which rate will change automatically and immediately as of the date the Trustee changes its Base Rate, without notice to any Interested Parties.

“Permitted Encumbrances” shall mean as of any particular time: (i) liens for taxes and assessments not then delinquent with respect to the Project Site and/or the Housing Project, (ii) the Loan Agreement (including the assignment of the HAP Payments provided therein), (iii) the County Security Documents, (iv) the pledge of the Trust Estate by the Authority to the Trustee under the Bond Resolution, and (v) any mechanic’s, laborer’s, materialmen’s, supplier’s or vendor’s lien or right not filed or perfected in the manner prescribed by law.

“Plans and Specifications” shall mean the architectural and engineering drawings and specifications prepared by or for the benefit of the Corporation describing the Housing Project, including any Completion Project, as the case may be, as agreed to by the Corporation, the Authority and the County pursuant to Section 501 of the Loan Agreement.

“Principal Payment Date” shall mean, the date on which principal (including Sinking Fund Installments, if any) of the Bonds, including the Series 2024 Bonds, is required to be paid to the Holders thereof, (i) being the first (1st) day of each _____ until final maturity of the Series 2024 Bonds, commencing _____ 1, 202____, each of which shall constitute a regularly scheduled Principal Payment Date, or the date of (ii) redemption or (iii) acceleration of the Bonds, including the Series 2024 Bonds.

“Principal Portion” shall mean, with respect to Basic Loan Payments due on any Basic Loan Payment Date, the portion of such Basic Loan Payment equal to one-twelfth (1/12) of the principal (including Sinking Fund Installments) of the Outstanding Bonds, including the Series 2024 Bonds, due and owing on the immediately succeeding Principal Payment Date, as set forth in Exhibit A-2 attached to the Loan Agreement, less other amounts available under the Bond Resolution, if any, to make the payment on time and in full of the principal of (including Sinking Fund Installments) the Bonds on the next occurring Principal Payment Date of the Bonds.

“Rebate Amount” shall mean [TO COME].

“Reserved Rights” shall mean the Authority’s right to retain the following under the Loan Agreement, which shall not be part of the Trust Estate pledged to the Trustee under Section 1.04 of the Bond Resolution:

- i. Receive the Additional Loan Payments earmarked for purposes other than any Optional Prepayment or Mandatory Prepayment (which Optional Prepayment and Mandatory Prepayment Additional Loan Payments constitute part of the Trust Estate, and are therefore not reserved to the Authority), including without limitation (a) any Administrative Expenses, which the Authority shall be obligated to pay or cause to be paid to the Interested Parties due such Administrative Expenses, and (b) interest payable on past due Loan Payments at the Overdue Rate (but not the Basic Loan Payments that may be paid together with any payment at the Overdue Rate, which Basic Loan Payments constitute part of the Trust Estate, and are therefore not reserved to the Authority),

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provided, further, that the portion of which interest that is attributable to past due Basic Loan Payments may be assigned by the Authority to the County;

- ii. Receive notices provided for in the Loan Agreement;
- iii. Appoint, replace or remove such parties as shall be appointed, replaced or removed under the Loan Agreement at the direction of the Authority; and
- iv. The right to give or withhold consents, including consents to amendments, permitted or required of the Authority under the Loan Agreement.

“**Revenues**” shall mean all gross income, interest income (including any investment income which is derived from the investment of any funds (other than the Capital Contribution Account of the Project Fund, the Administrative Expense Account or the Costs of Issuance Account of the Administrative Fund, or the Rebate Fund)) held by the Trustee pursuant to the terms of the Bond Resolution, and all revenue received by the Corporation from any source whatsoever (including, but not limited to, from the ownership or operation of the Housing Project), including, but not limited to, all Rents and other income from the Housing Project (except deposits held for security) received in connection with the leases or occupancy or services or otherwise received from or in regard to tenants of the Housing Project, all HAP Payments (whether payable by the Agency to the Corporation or directly to the Trustee for the account of the Corporation), any additional money deposited by the Corporation from time to time into the Revenue Fund, all business interruption insurance proceeds, and all rights to receive the same whether in the form of accounts, accounts receivable, general intangibles, contract rights, chattel paper, instruments or other rights and the proceeds thereof, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Corporation, and any other moneys, revenues or receipts which are specifically included in such definition by the terms of any Supplemental Resolution.

SECTION 102. Exhibits.

The following Exhibits are attached to, and by reference are made a part of, this Loan Agreement:

- (a) **Exhibit A:** Various details regarding a description of the Housing Project and the schedule of regularly scheduled Basic Loan Payments relating to the Series 2024 Bonds.
 - (i) **Exhibit A-1:** Description of Housing Project; and
 - (ii) **Exhibit A-2:** Basic Loan Payment Schedule.
- (b) **Exhibit B:** Form of Completion Certificate
- (c) **Exhibit C:** Form of Draw Papers.

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under, or result in the creation of any mortgage, lien, pledge, charge, security interest or other encumbrance upon any of the property of the Corporation under any material agreement, mortgage or other instrument to which the Corporation is or may become a party, other than Permitted Encumbrances, (iii) to the best of the Corporation's knowledge, violate or contravene any provision of any law, regulation, order, ruling or interpretation to which the Corporation is or may be bound, or any decree, order or judgment of any court or governmental or regulatory authority, bureau, agency or official (all as from time to time in effect and applicable to such entity), (iv) require any waivers, consents or approvals by any of the creditors or trustees for creditors of the Corporation, or (v) to the best of the Corporation's knowledge, require any approval, consent, order, authorization, or license by, or giving notice to, or taking any other action with respect to, any governmental or regulatory authority or agency except those actions that have been taken or shall be taken prior to the date of execution and delivery hereof and prior to the date of issuance of the Series 2024 Bonds, or are not required as a matter of law until a future date, under any provision of applicable law.

- (d) The officers of the Corporation executing and delivering its Corporation Documents have been duly authorized to execute and deliver the same under the laws of the State and the state of its organization and any other organizational documentation, and upon the Corporation's execution and delivery of the Corporation Documents, assuming the valid execution and delivery thereof by the other parties thereto, the Corporation Documents, shall constitute valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms.
- (e) There is no action, suit, proceeding or investigation at law or in equity by or before any court or public agency against the Corporation or, to the best of the Corporation's knowledge, threatened against the Corporation (or, to the best of the Corporation's knowledge, is there any basis therefor) (I) that contests or would contest the Corporation's authority for, its authorization or performance of, or its expenditure of funds pursuant to any Corporation Document or that would preclude the Corporation from performing in accordance with the terms of any Corporation Document or (II) wherein an unfavorable decision, ruling or finding would adversely affect (A) the transactions contemplated by the Financing Documents or the validity of said documents or (B) any agreement or instrument to which the Corporation is a party and that is used or contemplated for use in consummation of the transactions contemplated by the Financing Documents.
- (f) The Corporation has complied with laws applicable to the Corporation, the satisfaction of which is a condition precedent to either or both of the design, permitting, acquisition, installation, operation and maintenance of the Housing Project, all as contemplated by the Financing Documents.
- (g) Except for Permitted Encumbrances or as otherwise provided under the terms of the Financing Documents, the Corporation shall not transfer, lease, assign,

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ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES; DISCLAIMERS

SECTION 201. Representations, Covenants and Warranties of Corporation.

The Corporation represents, covenants and warrants as follows:

- (a) The Corporation (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and (ii) has or will have all requisite power and authority, and as applicable, all requisite governmental licenses, authorizations, consents and approvals, to (A) own or lease its assets and carry on and transact its business, including without limitation the conduct of business within the State in accordance with the terms of the Corporation Documents, (B) authorize, execute, deliver and perform its obligations under the Corporation Documents, and (C) accept and be bound by the terms of the other Financing Documents, and (iii) is duly qualified and is licensed and, as applicable, is in good standing under the laws of each jurisdiction, including the State, where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license. The Corporation has all of the requisite power and authority and has full legal right to (x) enter into each of the Corporation Documents, (y) perform, observe and comply with all of its respective agreements and obligations under the Corporation Documents, and (z) otherwise be bound by the terms of all of the other Financing Documents.
- (b) The Constitution and the laws of the State and the jurisdiction of the Corporation's organization authorize the Corporation to, and the Corporation has the right, power, authority and expertise to, and shall (i) design, permit, acquire, construct, install, operate and maintain the Housing Project in accordance with the terms of the Corporation Documents, (ii) design, permit, acquire, renovate, and install, the Housing Project in accordance with the plans and specifications and construction documents included or referred to herein and otherwise in accordance with the terms of the Financing Documents, (iii) enter into the Corporation Documents, to acknowledge and consent and otherwise be bound by the terms of the other Financing Documents, and to consummate the transactions and perform the obligations contemplated thereby.
- (c) The execution and delivery by the Corporation of the Corporation Documents, the performance by the Corporation of all of its respective agreements and obligations under each of such documents and the acknowledgment and consent to be bound by the other Financing Documents, and the incurring by the Corporation of all of the obligations contemplated by the Corporation Documents, have been duly authorized by all necessary requisite actions on the part of the Corporation, and the provisions of the Corporation Documents do not and shall not (i) contravene any provision of the Corporation's certificate of incorporation, by-laws and any other organizational documentation (each from time to time in effect), (ii) conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a default

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mortgage or encumber the Housing Project or any property of the Corporation constituting the Trust Estate.

- (h) Information supplied and statements made by the Corporation in any financial statement or current budget delivered prior to or contemporaneously with this Loan Agreement, including the Corporation Disclosure, present such information fairly, accurately and completely, in all material respects and in accordance with generally accepted accounting principles. The Corporation agrees to take all reasonable actions in connection with the Authority's marketing and sale of the Bonds, including without limitation executing Certificates of an Authorized Officer of the Corporation (i) regarding the deemed final nature of the Corporation Disclosure for purposes of Rule 15c2-12, and (ii) to the effect that the Corporation Disclosure, and any other information concerning the Corporation or its rights, duties and obligations under the Corporation Documents set forth in the Preliminary Official Statement and the Official Statement (A) contain no material misstatement of fact and (B) do not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, materially misleading.

SECTION 202. Representations, Covenants and Warranties of Authority.

The Authority represents, covenants and warrants as follows:

- (a) The Authority (i) is a public body corporate and politic duly organized, validly existing and in good standing under the Act and other applicable laws of the State, (ii) has full and complete power to enter into or adopt, as the case may be, the Authority Documents and to carry out the transactions contemplated thereby, (iii) is possessed with full power to issue the Series 2024 Bonds and to lend the proceeds thereof to the Corporation pursuant to this Loan Agreement, subject to the terms of the Act and any other applicable law, and (iv) has duly authorized the execution and delivery of or has duly adopted, as the case may be, the Authority Documents.
- (b) Neither the execution and delivery or adoption, as the case may be, of the Authority Documents, the fulfillment of or compliance with the terms and conditions thereof, nor the consummation of the transactions contemplated thereby conflicts with or results in a breach of the terms, conditions or provisions of any restriction, any agreement or any instrument to which the Authority is now a party or by which the Authority or its property are bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Authority, except Permitted Encumbrances.
- (c) The execution and delivery by the Authority of the Authority Documents, the performance by the Authority of all of its respective agreements and obligations under each of the Authority Documents, and the incurring by the Authority of all of the obligations contemplated by the Authority Documents, have been duly authorized by all necessary requisite actions on the part of the Authority, and the

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Authority's authorization, execution, delivery and performance pursuant to the terms of the Authority Documents do not and shall not (i) contravene any provision of the Act, (ii) conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a default under, or result in the creation of any mortgage, lien, pledge, charge, security interest or other encumbrance upon any of the property of the Authority under any material agreement, mortgage or other instrument to which the Authority is or may become a party, other than Permitted Encumbrances, (iii) to the best of the Authority's knowledge, violate or contravene any provision of any law, regulation, order, ruling or interpretation thereunder or any decree, order or judgment of any court or governmental or regulatory authority, bureau, agency or official (all as from time to time in effect and applicable to such entity), (iv) require any waivers, consents or approvals by any of the creditors or trustees for creditors of the Authority, or (v) to the best of Authority's knowledge, require any approval, consent, order, authorization, or license by, or giving notice to, or taking any other action with respect to, any governmental or regulatory authority or agency except those actions that have been taken or shall be taken prior to the date of issuance of the Series 2024 Bonds, under any provision of any applicable law.

- (d) The officers of the Authority executing and delivering the Authority Documents have been duly authorized to execute and deliver the same under the Act, and upon the Authority's execution and delivery of the Authority Documents, assuming the valid execution and delivery thereof by the other parties thereto, the Authority Documents shall constitute valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.
- (e) There is no action, suit, proceeding or investigation at law or in equity by or before any court or public agency against the Authority or, to the best of the Authority's knowledge, threatened against the Authority (or, to the best of the Authority's knowledge, is there any basis therefor) (I) that contests or would contest the Authority's authority for, its authorization or performance of, or its expenditure of funds pursuant to any Authority Document or that would preclude the Authority from performing in accordance with the terms of any Authority Document or (II) wherein an unfavorable decision, ruling or finding would adversely affect (A) the transactions contemplated by the Financing Documents or the validity of said documents or (B) any agreement or instrument to which the Authority is a party and that is used or contemplated for use in consummation of the transactions contemplated by the Financing Documents.
- (f) Simultaneously with the execution and delivery hereof, the Authority shall issue the Series 2024 Bonds. To the extent the Corporation proposes a Completion Project, the Authority shall consider any request from the Corporation that the Authority issue Additional Bonds in connection therewith. To the extent the Authority determines the issuance of any such Additional Bonds is in the best interests of the Authority and the County, the Authority shall issue such Additional Bonds in an amount sufficient to pay for any such Completion Project, any reserves or capitalized interest, as required, and the costs of issuance thereof, but only to the

**ARTICLE III
REVENUES AND LOAN PAYMENTS**

SECTION 301. Deposit of Revenues; Grant of Security Interest.

The Corporation agrees to establish and maintain a Collection Account (the "Collection Account") in which all Revenues of the Corporation will be deposited. The Collection Account shall, to the extent practical operationally to the Corporation, be maintained with the Trustee. The Corporation agrees to deposit all Revenues in the Collection Account upon receipt, and the Corporation shall cause amounts in the Collection Account to be transferred (if maintained at a financial institution other than the Trustee) to the Trustee, daily for deposit into the Revenue Fund under the Bond Resolution, in order to secure payment of the Loan Repayments and all other payments required to be made by the Corporation under this Loan Agreement.

As security for the Loan Payments and all other payments required to be made by the Corporation under this Loan Agreement, the Corporation hereby grants to the Trustee, as assignee of the Authority, a lien on and security interest in all Revenues, all monies held from time to time in the Collection Account, all proceeds of the foregoing, and any and all interest of the Corporation in or to the various funds and accounts established under the Bond Resolution. The granting of a security interest in the foregoing collateral is in addition to, and does not supersede, the County Security granted to the County pursuant to the County Security Documents.

SECTION 302. Assignment of HAP Payments to Trustee.

The Corporation hereby irrevocably assigns to the Trustee all of the Corporation's right, title and interest in and to the HAP Payments, which HAP Payments shall constitute Revenues of the Corporation and shall, upon receipt by the Trustee, be deposited in the Revenue Fund established under the Bond Resolution. The Corporation agrees to direct the Agency to make all HAP Payments directly to the Trustee for the account of the Corporation, until such time as both (i) the Trustee shall notify the Authority, the Corporation and the County, in writing, that no Bonds remain Outstanding under the Bond Resolution, and (ii) the County shall notify the Authority, the Corporation and the Trustee, in writing, that the County has been reimbursed for all payments theretofore made by the County (and not yet reimbursed to the County) in respect of principal of and/or interest on the Series 2024 Bonds paid by the County under the County Guaranty and/or the Deficiency Agreement.

If, notwithstanding such assignment, any HAP Payments shall nevertheless be received from time to time by the Corporation, the Corporation agrees that such HAP Payments, as Revenues, shall be subject to the pledge and security interest contained in Section 301 hereof, and such HAP Payments so received by the Corporation shall be immediately deposited by the Corporation in the Collection Account, for transfer to the Revenue Fund as provided in said Section 301.

SECTION 303. Loan Payments.

- (a) Notwithstanding any other provision of this Loan Agreement to the contrary contained herein, this Loan Agreement evidences, and the Corporation agrees to pay, the principal of, redemption premium, if any, and interest on all Bonds,

extent the Loan Agreement is amended and supplemented to increase the Basic Loan Payment schedule to reflect the issuance of such Series of Additional Bonds.

SECTION 203. Disclaimer of Authority and Trustee.

THE TRUSTEE, BY ACCEPTANCE OF THE TRUSTS SET FORTH IN THE BOND RESOLUTION, AND THE AUTHORITY, BY ADOPTION OF THE BOND RESOLUTION, BY ISSUANCE OF THE BONDS AND BY EXECUTION AND DELIVERY OF ALL OTHER AUTHORITY DOCUMENTS, MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE HOUSING PROJECT.

SECTION 204. Tax Covenants of Corporation.

[INSERT TAX COVENANTS]

including the Series 2024 Bonds, issued under the Bond Resolution, as said principal, redemption premium, if any, and interest becomes due, whether at maturity, by prior redemption, by acceleration or otherwise. Payments under this Loan Agreement will be made in lawful money of the United States of America to the Trustee at the address set forth in the Bond Resolution or at such other place as the Trustee, or any other assignee of this Loan Agreement, may designate in writing given to the Corporation.

- (b) The Corporation agrees to pay to the Trustee the following Loan Payments on each Basic Loan Payment Date (or immediately, in the case of certain Additional Loan Payments, as more fully set forth in Section 305 of this Loan Agreement), in all cases in immediately available funds:
 - (i) The Basic Loan Payments; and
 - (ii) The Additional Loan Payments, consisting of:
 - (A) Administrative Expenses;
 - (B) Interest on any overdue Loan Payments at the Overdue Rate;
 - (C) Any Optional Prepayment in accordance with Section 701 of this Loan Agreement;
 - (D) Any Mandatory Prepayment in accordance with Section 702 of this Loan Agreement;
 - (E) The Rebate Amount; and
 - (F) All other amounts, costs, liabilities and obligations that the Corporation assumes or agrees to pay to the Authority or to others hereunder or under the terms of any other Corporation Document.
- (c) The Corporation shall be entitled to credits against Basic Loan Payments to the extent other amounts are deposited in, or transferred to, the applicable Funds and Accounts and such amounts are available for application toward payment of such Basic Loan Payments, subject to the limitations contained in Sections 305 and 306.
- (d) Notwithstanding anything to the contrary herein, the Corporation may make any and all Loan Payments in immediately available funds through wire transfer or otherwise, to the extent the Trustee or other payee consents in writing to such method of delivery.

SECTION 304. Loan Payments to be Unconditional; No Abatement or Set-Off.

- (a) The obligation of the Corporation to make Loan Payments in full and when due shall be absolute and unconditional in all events, including without limitation any circumstance regarding the Housing Project, regardless of whether any such event

shall be foreseen or otherwise, and regardless of whether any such event shall occur by accident or otherwise. The Corporation hereby acknowledges and irrevocably covenants that the terms of this Loan Agreement creates a valid and binding obligation of the Corporation to make Loan Payments from any available source under all circumstances.

- (b) Notwithstanding any dispute between the Authority and the Corporation, or between or among any party hereto and any one or more of any Interested Party or any other person, in any case concerning any provision of any Financing Document, the Corporation shall make all Loan Payments in full and when due, and the Corporation shall not withhold any Loan Payment pending final resolution of such dispute, nor shall the Corporation assert against the Authority, the Trustee, any Interested Party or any other person any right of set-off, recoupment or counterclaim against its obligation to make such Loan Payments, regardless of whether or not the Housing Project is completed, available for use, or used by the Corporation.

SECTION 305. Basic Loan Payments.

The Principal Portion of the Basic Loan Payments and the Interest Portion of the Basic Loan Payments shall each be due on each Basic Loan Payment Date in the respective amounts calculated in accordance with the definitions of such terms contained in Section 101 of this Loan Agreement.

SECTION 306. Additional Loan Payments.

- (a) The Corporation shall pay to the Trustee, for deposit in the Administrative Expense Account of the Administrative Fund as an Additional Loan Payment, from time to time upon the Corporation's receipt from the Trustee of an invoice therefor in accordance with the terms of the Bond Resolution, reasonable compensation for all services rendered by the Trustee pursuant to the Bond Resolution, all reasonable expenses, charges, counsel fees and other disbursements (including those of the Trustee's attorneys, agents and employees) incurred in the performance of its powers and duties under the Bond Resolution, and any other Administrative Expenses.
- (b) The Corporation shall immediately pay to the Trustee, as an Additional Loan Payment, interest on any past due Loan Payment at the Overdue Rate in accordance with Section 1007 hereof.
- (c) The Corporation shall immediately pay to the Trustee, as an Additional Loan Payment, any Optional Prepayment in accordance with Section 701 hereof, reflecting the optional redemption of a Series of Bonds, including the Series 2024 Bonds.
- (d) The Corporation shall immediately pay to the Trustee, as an Additional Loan Payment, any Mandatory Prepayment in accordance with Section 702 hereof,

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- (a) Not later than November 15 of each calendar year, commencing November 15, 2024, the Corporation shall deliver to the Authority, the County and the Trustee a copy of the Corporation's proposed operating budget for the ensuing calendar year (the "Operating Budget"), which shall include, on a monthly basis and in reasonable detail, all Revenues projected to be received by or for the account of the Corporation, and all operating expenses projected to be paid for with respect to the Housing Project. Authorized Officers of the Authority and the County may review the proposed Operating Budget and suggest changes thereto. Unless an Authorized Officer of the Authority or the County provides a written objection to the proposed Operating Budget (or any portion thereof) within thirty (30) days following submission receipt thereof from the Corporation, such proposed Operating Budget shall be deemed approved and shall constitute the Operating Budget of the Corporation for said succeeding calendar year. The Operating Budget may thereafter be amended from time to time in the manner provided in paragraph (b) of this Section 304.
- (b) The Corporation agrees to establish and maintain an Operating Account (the "Operating Account") in which will be deposited all amounts paid over to the Corporation by the Trustee, from time to time, pursuant to Section 5.05(1)(b) of the Bond Resolution. The Operating Account shall, to the extent practical operationally to the Corporation, be maintained with the Trustee. The Corporation agrees to use the funds so provided and so deposited solely for the payment of budgeted expenditures for the operation of the Housing Project, consistent with the Operating Budget. Pending disbursement for such purposes, all amounts so deposited shall remain in the Operating Account. The Corporation shall maintain records of each deposit into and withdrawal from the Operating Account, which records shall be available for inspection by the Authority and the County upon reasonable advance notice. If at any time the Corporation desires to withdraw funds from the Operating Account for a purpose that was not included in the Operating Budget, or in excess of the amount budgeted therefor, the Corporation may submit a written request therefor to the Authority and the County. If such request is approved by an Authorized Officer of the Authority and an Authorized Officer of the County, then the Corporation may make such requested withdrawal for such requested purpose, and the Operating Budget shall be deemed to have been amended to the extent thereof.

SECTION 309. Interest Calculation.

The Interest Portion of Basic Loan Payments is equal to the interest accrued on the Bonds, including the Series 2024 Bonds. Interest on the Bonds is computed upon the basis of a 360-day year, consisting of twelve 30-day months.

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reflecting the acceleration or any other mandatory payment of a Series of Bonds, including the Series 2024 Bonds.

- (e) The Corporation shall pay to the Trustee, as an Additional Loan Payment, the Rebate Amount, at the times and in the amounts specified in Section __ hereof and any Tax Certificate (as defined in the Bond Resolution).
- (f) The Corporation shall pay to the Trustee as an Additional Loan Payment all other amounts, costs, liabilities and obligations that the Corporation assumes or agrees to pay to the Authority or to others hereunder, under the Bond Resolution, under the Tax Certificate for any Series of Tax-exempt Bonds (including the Series 2024 Bonds) or under any other Financing Document, including without limitation deficiencies in the payment of principal (including mandatory sinking fund installments) of and interest on Bonds when due as may be contemplated by Article V of the Bond Resolution.

SECTION 307. Obligation of Corporation Under the Financing Documents.

- (a) General Obligation. The Corporation hereby covenants to make all Loan Payments due under this Loan Agreement, from any and all funds or other assets available to the Corporation.
- (b) Pledge of Revenues to Authority. As security for the Corporation's obligations under this Loan Agreement, including the making of Loan Payments at the times, in the amounts, and otherwise in accordance with the terms and provisions of this Loan Agreement, the Corporation has granted to the Authority a security interest in its Revenues, pursuant to Section 301 of this Loan Agreement.
- (c) Assignment of HAP Payments. As further security for the Corporation's obligations under this Loan Agreement, including the making of Loan Payments at the times, in the amounts, and otherwise in accordance with the terms and provisions of this Loan Agreement, the Corporation has irrevocably assigned to the Trustee all of its right, title and interest in and do the HAP Payments, pursuant to Section 302 of this Loan Agreement.
- (d) County Security Documents. In consideration for the County's execution and delivery of the Purchase and Sale Agreement, the County Guaranty, the Guaranty Agreement and the Subsidy and Deficiency Agreement, and to secure the County for reimbursement to the County for all payments theretofore made by the County (and not yet reimbursed to the County) in respect of principal of and/or interest on the Series 2024 Bonds paid by the County under the County Guaranty and/or the Deficiency Agreement, the Corporation is separately entering into the County Security Documents for the benefit of the County.

SECTION 308. Operating Budget; Operating Account.

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ARTICLE IV ISSUANCE OF SERIES 2024 BONDS; LOAN TO CORPORATION; OPERATION OF PROJECT

SECTION 401. Issuance of Series 2024 Bonds; Loan to Corporation.

- (a) The Authority hereby agrees to issue the Series 2024 Bonds in order to make the loan to the Corporation, evidenced by this so as to enable the Corporation to undertake the design, permitting, acquisition, construction, installation, operation and maintenance of the Housing Project.
- (b) The Authority hereby loans the proceeds of the Series 2024 Bonds to the Corporation, for the purpose described in paragraph (a) of this Section 401. The Corporation hereby agrees to use the proceeds of such loan to design, permit, acquire, construct, install, operate and maintain the Housing Project as described on Exhibit A-1 hereof.

SECTION 402. Unconditional Obligation; Taxes; Other Expenses.

- (a) The obligation of the Corporation to pay Loan Payments shall be absolute and unconditional and shall in no way be released, discharged or otherwise affected for any reason, including, without limitation, (i) any defect in the condition, quality or fitness for use of, or title to, the Housing Project or (ii) any damage to or abandonment, destruction, requisition or taking of any portion of the Housing Project.
- (b) The Corporation shall comply with and pay, if any, all (i) local, state and federal taxes incurred with respect to the design, permitting, acquisition, construction, renovation, installation, operation, maintenance, ownership, possession or use of the Housing Project, including, without limitation, income, franchise, gross receipts, sales, use, documentary stamp, excise and real and personal property taxes, (ii) payments in lieu of taxes, assessments, licenses, registration fees, freight and transportation charges and any other charges imposed or liabilities incurred with respect to the design, permitting, acquisition, construction, renovation, installation, operation, maintenance, ownership, possession or use of the Housing Project, (iii) Loan Payments, and (iv) penalties, fines or interest imposed on any of the foregoing.
- (c) The Corporation shall pay, from a portion of the proceeds of the Bonds or otherwise, all reasonable expenses incurred by the Authority in connection with all filings or recordings of any documents relating to this Loan Agreement, the other Financing Documents, or the Authority's rights hereunder and thereunder. The Authority shall have the right to make any of the payments required of the Corporation, but shall not be obligated to pay the same, and to charge such payment with interest at the Overdue Rate from the due date thereof through the date of payment as an Additional Loan Payment to be paid by the Corporation with the next Basic Loan Payment due under this Loan Agreement.

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**ARTICLE V
CONSTRUCTION OF PROJECT; CARE AND USE; DRAW PROCEDURES**

SECTION 501. Plans and Specifications.

- (a) The Corporation has heretofore caused Plans and Specifications to be prepared with respect to Housing Project, which Plans and Specifications have been submitted to the Authority and the County for their review, comment and approval. The Authority and the County shall have the opportunity to make comments to such proposed Plans and Specifications, whereupon the Corporation shall promptly modify the Plans and Specifications to address the reasonable concerns raised by the Authority and/or the County. Prior to commencing construction of the Housing Project or disbursing any funds in the Project Account (other than reimbursement for Costs expended by Interested Parties prior to the issuance of the Series 2024 Bonds, or Costs directly related to the preparation and revision of the Plans and Specifications), there shall be filed with the Authority, the County and the Trustee a Certificate of an Authorized Officer of each of the Authority and the County approving the Plans and Specifications (as modified, if applicable).
- (b) Promptly after having received the approval of the Plans and Specifications from the Authority and the County, the Corporation shall (if it has not done so already) submit or cause the submission of such Plans and Specifications to all other federal, state or local governmental or quasi-governmental agencies having jurisdiction over said project or any part thereof, and shall receive any required project permits or approvals.

SECTION 502. Construction of Project.

- (a) The Corporation shall be responsible for the letting of Development Contracts with Contractors for (a) the design, permitting, acquisition, construction, installation, operation and maintenance of the Housing Project, (b) the completion and acceptance of the Housing Project in accordance with the Plans and Specifications therefor and the other terms hereof, including the filing of the Completion Certificate in accordance with Section 510(d)(1) hereof, and (c) all other matters that are incidental to the performance of the duties and powers that are expressly granted to the Corporation herein in connection with any of the foregoing. The Corporation may carry out its functions hereunder without obtaining any further approval of the Authority; provided, however, that the Corporation shall issue monthly reports to the Authority detailing the progress of the foregoing and the anticipated completion dates thereof.
- (b) None of the Authority, the County or the Trustee makes any warranties or representations or accepts any liabilities or responsibilities with respect to or for the adequacy, sufficiency or suitability of, or defects in or with respect to, the design, permitting, acquisition, construction, renovation or installation of the Housing Project.

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SECTION 505. Additional Rights of Corporation.

The Authority agrees that the Corporation shall, at its own expense, have the right to make immaterial changes to the Housing Project or to make such additions, modifications and improvements thereto as in the Corporation's judgment are necessary to enable it to perform its obligations under this Loan Agreement without materially impairing the Housing Project or materially changing the design of the Housing Project from the Plans and Specifications; provided, however, that none of the foregoing shall in any way damage the Housing Project or cause the Housing Project to be used for purposes other than those authorized under the provisions of all applicable law.

SECTION 506. Maintenance and Use of Housing Project; Authority Access; Repairs Not to Create Liens.

- (a) The Corporation shall, at its own and sole expense, maintain, preserve and keep the Housing Projects or any portion thereof, as the case may be, in good repair, working order and condition, and shall from time to time make all repairs, replacements and improvements necessary to keep the Housing Project in such condition.
- (b) The Corporation agrees that the Authority shall have the right (but not the obligation) to enter upon the premises at reasonable times and upon reasonable written notice in a reasonable manner where the Housing Project is located in order to inspect the same for the purpose of assuring that such Housing Project is being properly maintained, preserved and kept in good repair and condition. The Corporation further agrees that the Authority shall have such rights of access to the Housing Project as may be reasonably necessary to cause the proper maintenance, preservation and keeping in good repair of the Housing Project in the event of a failure by the Corporation to perform its obligations hereunder, which rights of access shall in no way imply any obligation on the part of the Authority.
- (c) The Corporation shall not permit any mechanic's or materialmen's or other lien to be established or remain against any portion of the Housing Project for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the Corporation pursuant to Section 505 hereof and this Section 506, other than Permitted Encumbrances; provided, however, that if any such lien is established and the Corporation notifies the Authority of its intention so to do, the Corporation may, in good faith, contest any lien filed or established against the Housing Project and, in such event, permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Authority shall notify the Corporation that, in the opinion of independent counsel, by nonpayment of any such item, the Housing Project or any part thereof shall be subject to loss or forfeiture, in which event the Corporation shall promptly pay and cause to be satisfied and discharged all such unpaid items or provide the Authority with full security against any such loss or forfeiture. The Authority shall cooperate with the Corporation in any such contest upon such request at the sole cost and expense of the Corporation.

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SECTION 503. Performance Bonds and Other Guaranty.

Any Development Contracts authorized to be entered into by the Corporation under the terms of this Loan Agreement in connection with the design, permitting, acquisition, construction, and installation of the Housing Project shall be let in accordance with this Loan Agreement and applicable law. The Corporation shall cause each Contractor to provide a performance bond and/or a maintenance bond or bonds, a letter of credit or any other form of financial guaranty covering, with respect to the portion of the project to which the Development Contract applies, the (a) performance of the Development Contract, including coverage for correction of defects developing within one year after completion and acceptance, and (b) payment for labor and materials, in each case issued by a responsible surety company qualified to do business in the State. Such bond or bonds shall name the Authority and the Corporation as co-obligees, and shall be in amounts equal to the fixed contract price; provided, however, that the one-year post completion and acceptance portion may be limited to ten percent of the Development Contract price.

SECTION 504. Default in Contractors' Performance.

- (a) In the event of default of the Contractor, including any subcontractor, under any Development Contract made in connection with the Housing Project, the Corporation shall promptly proceed, either separately or in conjunction with others, to exhaust the remedies of the Corporation against the Contractor or any subcontractor so in default and against each surety for the performance of such Contractor or subcontractor. All such actions shall be construed to be Costs of the Housing Project for purposes of this Loan Agreement, inasmuch as the same shall be necessary to enable the Housing Project to be designed, permitted, constructed, acquired, renovated or installed in accordance with the terms hereof and of the Development Contracts. The Corporation agrees to advise the Authority, in writing, of the steps it intends to take in connection with any such default. If the Corporation shall so notify the Authority, the Authority may, in good faith, in its own name or in the name of the Corporation, with notice to the Corporation, prosecute or defend any action or proceeding or take such other action involving the Contractor, including any subcontractor, or surety that the Authority deems reasonably necessary, and in such event the Authority hereby agrees to cooperate fully with the Corporation, but at the sole cost and expense of the Authority. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing shall be paid into the Project Fund or the Revenue Fund, as shall be determined by the Corporation.
- (b) In the event that the Corporation is unable to comply with its requirements under this Loan Agreement prior to the execution of the Completion Certificate or if for any reason the design, permitting, acquisition, construction, renovation and installation of the Housing Project is delayed, there shall be no resulting liability on the part of the Authority and there shall be no diminution in or postponement of the amounts that are due and payable by the Corporation to the Authority under the terms of this Loan Agreement.

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SECTION 507. Corporation's Negligence.

Subject to Section 608 hereof, the Corporation assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Housing Project, or any portion thereof, and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of the Corporation or of Contractors or other third parties, and whether such property damage be to the Corporation's property or to the property of others, which injury, death or damage is proximately caused by the negligent conduct of the Corporation or its officers, employees and agents, including any Contractors. The Corporation hereby assumes responsibility for and agrees to reimburse the Authority for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees), of whatsoever kind and nature, imposed on, incurred by or asserted against the Authority that in any way relate to or arise out of a claim, suit or proceeding based in whole or in part upon the negligent conduct of the Corporation or its officers, employees and agents, to the maximum extent permitted by law.

SECTION 508. Payment of Project Costs and Replacement Costs.

- (a) The Corporation shall cause moneys on hand from time to time in the Project Fund, held by the Trustee, to be made available for payment of all Project Costs, in the manner provided herein for submission of Draw Papers, including Sections 509 and 510 hereof, and in the Bond Resolution, including Sections 5.02(1) and 5.02(2) thereof. Any moneys remaining on deposit in the Project Fund, including interest earnings, upon the payment of all Project Costs (for which the Corporation shall submit Draw Papers), shall be applied in the manner set forth in Section 5.02(3)(b) of the Bond Resolution.
- (b) The Corporation shall cause moneys on hand from time to time in the Replacement Fund, held by the Trustee, to be made available for the payment, from time to time, of Replacement Costs, as and when the Corporation shall deem advisable, in the manner provided herein for submission of Draw Papers, including Sections 509 and 510 hereof, and in the Bond Resolution, including Section 5.07 thereof.

SECTION 509. Submission of Draws; Procedures; Acceptance Certificates.

- (a) As payments in respect of Project Costs or Replacement Costs are required for the Housing Project under this Loan Agreement, the Corporation shall prepare and assemble the Draw Papers (as defined below) and submit them to the Trustee.
- (b) On or before 10:00 a.m. on each date on which the Corporation intends to submit Draw Papers requisitioning funds held by the Trustee in the Project Fund for Project Costs, or in the Replacement Reserve Fund for Replacement Costs (each a "Draw Date"), the Corporation shall advise the Trustee in writing of the aggregate amount of funds needed for disbursement to pay such Project Costs or Replacement Costs, as the case may be. An amount equal to the lesser of (i) such aggregate amount of funds needed and (ii) the amount of funds available in the Project Fund (in the case of Project Costs) or the Replacement Reserve Fund (in the case of Replacement

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Costs) shall be applied to the payment of such Project Costs or Replacement Costs, as the case may be, upon submission of the Draw Papers in accordance with subsection (c) below.

- (c) Except as otherwise provided in Section 510 hereof, the Corporation shall cause the Trustee to make payments (A) from the Project Fund to the Contractors under the Development Contracts or other third-party vendors, in either case for Costs of the Project, or (B) from the Replacement Reserve Fund to the Corporation, but only after the Corporation shall have supplied the Trustee with a duly authorized, completed and executed requisition from the Corporation substantially in the form of **Exhibit C** hereto (together with any attachments thereto, the "Draw Papers"), each executed by the Corporation and acknowledged as to form only by the Authority, stating with respect to each such payment to be made: (i) the requisition number, (ii) in the case of payments from the Project Fund, the name and address of the Contractor, other person, other corporation or other entity to which payment is due or, if for reimbursement to the Corporation, to which Contractor, other person, other corporation or other entity and when payment has previously been made by the Corporation, and as applicable in either case, the Development Contract under which such payment is or was due, (iii) the amount to be paid, (iv) in the case of payments from the Project Fund, that such payment obligation has been properly incurred in accordance with the Plans and Specifications, is an item of the Cost of such Project, is a proper charge against the Project Fund, and has not been the basis of any previous withdrawal, (v) in the case of the Renewal and Replacement Fund, that such payment obligation has been properly incurred, is an item of Replacement Costs, is a proper charge against the Replacement Reserve Fund, and has not been the basis of any previous withdrawal, and (vi) that attached thereto is a bill, invoice, receipt or other evidence that payment on such Project Cost or Replacement Cost, as the case may be, is due and owing or has been paid by or on behalf of the Corporation.
- (d) In accordance with the terms of this Loan Agreement and the Bond Resolution, the Corporation shall file with the Trustee a duly authorized, completed, executed, acknowledged, and delivered Completion Certificate in the form of **Exhibit B** hereto, when (A) the Corporation has submitted all Draw Papers respecting Costs of the Housing Project or the Completion Project, as the case may be, to be paid from the Project Fund that are eligible to be approved with respect thereto, (B) the Housing Project or Completion Project, as the case may be, has been designed, acquired, constructed and installed in accordance with the Plans and Specifications therefor, (C) the Housing Project or Completion Project, as the case may be, has been accepted by the Corporation. The Completion Certificate shall not be filed by the Corporation with the Trustee, until each such Certificate shall be further acknowledged by an Authorized Officer of the Authority as to form only.

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ARTICLE VI INSURANCE; LIENS AND OTHER MATTERS

SECTION 601. Insurance Coverage for the Housing Project.

The Corporation shall procure and maintain or cause to be procured and maintained, throughout the term of this Loan Agreement, in accordance with the further terms of this Article VI, (i) public liability insurance, including, without limitation, bodily injury and property damage coverage, (ii) auto liability insurance, including, without limitation, bodily injury and property damage coverage, (iii) worker's compensation insurance, and (iv) property insurance, including, without limitation, fire and comprehensive other risk coverage, all to be procured and maintained with an insurance company approved by the State and such insurance policy or policies naming the Corporation, the Authority and the County as insureds. Any insurance proceeds in excess of the amount sufficient to enable the Corporation to exercise an Optional Prepayment of all Outstanding Bonds at such time in the manner provided in Section 701(b) hereof, shall be remitted to the Corporation.

SECTION 602. Public Liability Insurance.

The Corporation shall procure and maintain or cause to be procured and maintained, throughout the term of this Loan Agreement, a standard comprehensive general liability insurance policy or policies in protection of the Corporation, the Authority and the County. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by the operation or ownership of the Housing Project. Said policy or policies shall provide coverage in the amount of \$1,000,000. This coverage must be in writing on an occurrence basis; claims made policies will be unacceptable. This Comprehensive General Liability insurance shall cover the Corporation, the Authority and the County and their employees, agents and officers from and against any claim arising out of personal injury of the Corporation or the Corporation's failure to comply with the terms of this Loan Agreement. Such policy or policies of insurance shall include coverage for claims of any persons as a result of an incident directly or indirectly related to the employment of such persons by the Corporation or by any other persons. This coverage shall include blanket contractual insurance and such coverage shall make express reference to the indemnification provisions set forth in this Loan Agreement. The policy shall also be endorsed to include coverage for products, completed operations, and independent contractors. Such public liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the Corporation. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid.

SECTION 603. Auto Liability Insurance.

The Corporation shall procure and maintain or cause to be procured and maintained, throughout the term of this Loan Agreement, a standard comprehensive automobile liability insurance policy or policies in protection of the Corporation, the Authority and the County. Said policy or policies shall be written in a comprehensive form, shall comply with N.J.S.A. 39:6b-1 et seq. and all local regulations and case law regarding the scope and effect of the New Jersey

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SECTION 510. Reimbursement to Corporation from Moneys in the Project Fund.

Notwithstanding the provisions of Section 509 hereof to the contrary, the Corporation shall be entitled to submit Draw Papers to the Trustee and receive reimbursement for the amounts set forth in such Draw Papers for advances made with respect to the Housing Project, prior to a given Draw Date, so long as the Corporation submits the requisite requisition and supporting copies of invoices prior to being reimbursed directly by the Trustee.

SECTION 511. Construction Period Insurance.

Each Contractor shall be required to provide and maintain in force during the entire acquisition, construction, renovation or installation period of the Housing Project, and prior to the Contractor's performance of work under any Development Contract, builder's risk or property damage insurance (in an amount not less than the full value of all work done and materials and equipment provided or delivered by the Contractor and, in any event, not less than the amount sufficient to enable the Corporation to exercise an Optional Prepayment of all Outstanding Bonds at such time, in the manner provided in Section 701(b) hereof), comprehensive liability insurance, worker's compensation insurance and any other insurance required by law or customarily maintained with respect to like projects. All such policies of insurance shall show the Authority and the Corporation as named insureds, in such amounts as their interests may appear. Evidence of such insurance shall be filed with the Authority.

SECTION 512. Taxes and Other Governmental Charges and Utility Charges.

The Corporation shall pay when due all gas, water, steam, electricity, heat, power, telephone and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Housing Project. The Corporation shall also pay all property and excise taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Housing Project or any part thereof or the Loan Payments, which become due under this Loan Agreement with respect thereto, and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Housing Project; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Corporation shall be obligated to pay only such installments as are required to be paid as and when the same become due.

The Corporation may, at its own expense and in its name, contest in good faith any, such taxes, assessments or utility or other charges and, in the event of any such contest, but only with advance notice thereof to the Authority and the County, permit such taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, unless the Authority or the County shall notify the Corporation that, in the opinion of independent counsel, by nonpayment of any such items, the Housing Project or any part thereof shall be subject to loss or forfeiture, in which event the Corporation shall promptly pay such taxes, assessments or charges or provide the Authority and the County with full security against any loss or forfeiture that may result from nonpayment.

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Compulsory Motor Vehicle Insurance Statute, and shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage arising from the maintenance, use or operation of any owned or non-owned vehicle used in or in connection with the Housing Project. Said policy or policies shall provide coverage in an amount not less than \$1,000,000, shall be maintained. Such coverage will include all owned, non-owned, leased and/or hired motor vehicles, such auto liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the Corporation. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid.

SECTION 604. Worker's Compensation Insurance.

If required by State law, the Corporation shall procure and maintain or cause to be procured and maintained, throughout the term of this Loan Agreement, worker's compensation insurance covering all of Corporation's and its Contractors' employees on, in, near or about the Housing Project, and, upon request, shall furnish to the Authority certificates evidencing such coverage. To the extent the Corporation is procuring or maintaining such insurance, such coverage may, at the option of the Corporation, be provided through a self-insurance program that is established and operating in conformity with all applicable State law. To the extent that any other entity is procuring or maintaining such insurance, such insurance shall be provided under a policy written by an insurance company approved by the State in a minimum amount of \$1,000,000 for damage resulting from a single accident or event.

SECTION 605. Excess Liability

The Corporation shall procure and maintain or cause to be procured and maintained, throughout the term of this Loan Agreement, an excess liability insurance policy or policies in protection of the Corporation, the Authority and the County. Said policy or policies shall be in the amount of \$1,000,000 shall be in the form of an Umbrella policy rather than a following form excess policy. This policy or policies shall be specifically endorsed to be excess of the required Comprehensive General Liability Coverage, the Employers' Liability Coverage on the Workers' Compensation policy, and the Comprehensive Automobile Liability policy.

SECTION 606. Other Insurance and Requirements for All Insurance.

All insurance required by Article V hereof or this Article VI (a) may be carried under a separate policy or a rider or endorsement, (b) shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State, or may be maintained as part of any insurance pool permitted under the laws of the State, (c) shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the Authority at least thirty (30) days before the cancellation or revision becomes effective, and (d) shall name the Corporation, the Authority and the County as insured parties as their respective interests may appear. The Corporation shall deposit with the Authority original policies evidencing any such insurance procured by it or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy, the Corporation shall furnish to the Authority

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evidence that the policy has been renewed or replaced by another policy conforming to the provisions of Article V hereof and this Article VI, unless such insurance is no longer obtainable in which event such party shall notify the other party of this fact. The Trustee shall not have responsibility with respect to any determinations as to the sufficiency of any insurance required under this Loan Agreement nor as to the compliance by the Corporation with the provisions of the Bond Resolution regarding insurance.

SECTION 607. Indemnification.

The Corporation shall (a) indemnify and save harmless the Authority and the County and their respective agents, employees, officers and directors from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including, but not limited to, reasonable attorneys' fees) that the Authority or the County may incur or be subject to as a consequence, directly or indirectly, of any breach or non-performance by the Corporation of its obligations under this Loan Agreement, or negligence or misconduct by the Corporation in connection with such performance or non-performance, or the ownership, possession, operation, or condition of the Housing Project, and (b) reimburse the Authority and the County for all losses, costs, charges and expenses (including, but not limited to, reasonable attorneys' fees) that the Authority or the County may incur or be subject to as a consequence, directly or indirectly, of involvement in any legal proceeding or action relating to the foregoing; provided, however, that no indemnification or reimbursement shall be due to the extent that the Authority or the County, as the case may be, has acted with gross negligence or willful misconduct in connection with the liabilities for which the Corporation is seeking indemnification or reimbursement. All amounts that become due from the Corporation under this Section 607 shall be credited with any amounts received by the Trustee from insurance provided by the Corporation, shall be payable by the Corporation within thirty (30) days following demand therefor by the Authority as applicable (which demand cannot be made prior to the Corporation's receipt thereof), and shall survive the termination of this Loan Agreement.

SECTION 609. No Further Encumbrances; Exceptions.

- (a) The Corporation shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Housing Project, other than the respective rights of the Authority and the Corporation as herein provided, and the Permitted Encumbrances (including the County Security Documents). Except as expressly provided in this Article VI, the Corporation shall promptly, at its own expense, take such action as may be necessary to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. The Corporation shall reimburse the Authority and/or the County for any expense incurred by it/them in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.
- (b) The Corporation may, at its own expense and in its name, contest in good faith any taxes, assessments or utility and other charges and, in the event of any such contest, but only with advance notice thereof to the Authority and the County, permit the taxes, assessments or other charges so contested to remain unpaid during the period

- (b) The Corporation shall pay or cause to be paid when due the premiums for all insurance policies required by this Loan Agreement, and shall promptly furnish or cause to be furnished to the Authority evidence of such payments. All such policies shall provide that the Authority shall be given not less than thirty (30) days' notice of each expiration, any intended cancellation and any intended reduction of the coverage provided thereby.
- (c) The Authority shall not be responsible for the sufficiency of any insurance herein required, and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Authority, as the case may be.
- (d) The Corporation shall cause to be delivered to the Authority on each anniversary of the date of issuance of the Series 2024 Bonds a Certificate of an Authorized Officer of the Corporation, satisfactory to the Authority, that the insurance policies required by this Loan Agreement are in full force and effect.

of such contest and any appeal therefrom, unless the Authority or the County shall notify the Corporation that, in the opinion of independent counsel, by nonpayment of any such items any part thereof shall be subject to loss or forfeiture, in which event the Corporation shall promptly pay such taxes, assessments or charges or provide the Authority and the County with full security against any loss that may result from nonpayment, in form satisfactory to the Authority and the County.

SECTION 610. Trustee Indemnification.

The Corporation shall (a) indemnify and save harmless the Trustee and its agents, employees, officers and directors from and against any and all liabilities, including, without limitation, all claims, demands, damages, losses; costs, penalties, charges and expenses (including, but not limited to, reasonable attorneys' fees) in any way relating to or arising from (i) the development, ownership, possession, operation, or condition of the Housing Project, (ii) the Financing Documents, and (iii) any resignation by the Trustee in accordance with Section 10.07(2) of the Bond Resolution; and (b) reimburse the Trustee for all losses, costs, charges and expenses (including, but not limited to, reasonable attorneys' fees) that the Trustee may incur or be subject to as a consequence, directly or indirectly, of involvement in any legal proceeding or action relating to the foregoing; provided, however, that no indemnification or reimbursement shall be due to the extent that the Trustee has acted with negligence or willful misconduct in connection with the liabilities for which the Trustee is seeking indemnification or reimbursement. All amounts that become due from the Corporation under this Section 610 shall be credited with any amounts received by the Trustee from insurance provided by the Corporation, shall be payable by the Corporation within thirty (30) days following demand therefor by the Trustee, and shall survive the termination of this Loan Agreement.

SECTION 611. Advances.

If the Corporation shall fail to perform any of its obligations under this Loan Agreement, the Authority may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the Corporation shall be obligated to repay all such advances on demand to the Authority as Additional Loan Payments with interest at the Overdue Rate from the date of the advance to the date of repayment.

SECTION 613. Net Proceeds of Insurance; Form of Policies.

- (a) Each policy of insurance obtained pursuant to or required by this Article VI shall provide that all Net Proceeds thereunder shall be payable (i) with respect to the Housing Project, to the Authority for deposit with the Trustee in the Project Fund, the Revenue Fund or such other Fund or Account under the Bond Resolution, in any event as directed by the Authority, (ii) to the Trustee for deposit in the Project Fund, or other Fund or Account under the Bond Resolution, or (iii) if not discernable as to the Housing Project or otherwise, payable to the Authority or at the Authority's direction, to the Trustee for deposit in the Project Fund, the Revenue Fund, or other Fund or Account under the Bond Resolution.

**ARTICLE VII
PREPAYMENT OF LOAN PAYMENTS**

SECTION 701. Optional Prepayment.

- (a) The Corporation is hereby granted the option to prepay its Basic Loan Payments in part, in accordance with Section 8.07 of the Bond Resolution. At the Corporation's option, as directed in a Certificate of an Authorized Officer of the Corporation delivered by the Corporation to the Trustee, the Authority, and the County accompanying any such partial prepayment, any such partial prepayment shall be either (i) credited to the next due Interest Portion of Basic Loan Payments due from the Corporation, and if not fully applied, to the next due Principal Portion of Basic Loan Payments due from the Corporation, and then to the next due future Interest Portion, and then Principal Portion, of Basic Loan Payments until fully applied or (ii) applied to defease Outstanding Bonds in the manner contemplated by Article XII of the Bond Resolution, and in the amounts and on the dates as set forth in any such partial prepayment Certificate of the Corporation, which in the case of such defeasance option selected by the Corporation, such Certificate of the Corporation shall be acknowledged by an Authorized Officer of the Authority to the effect that such dates and amounts conform to the requirements of the Bond Resolution. Upon any such partial prepayment, new schedules reflecting the revised Basic Loan Payments due from the Corporation, taking into account any such partial prepayment, shall be attached by the Authority hereto.
- (b) The Corporation is further hereby granted the option to prepay its Basic Loan Payments in respect of any Series of Bonds, in whole, at the times set forth in Section 701(c) hereof, by paying to the Trustee an amount which, as of the date of calculation, shall be the sum of (i) the aggregate amount of unpaid principal of the Bonds of such Series to their maturity date under the terms of the Bond Resolution and as set forth in the Corporation's notice to the Trustee of such prepayment, (ii) any interest accrued on the Bonds of such Series from the last Interest Payment Date thereof on which interest thereon was paid to the final maturity date set forth in clause (i) above, (iii) the redemption premium, if any, applicable to the payment of the Bonds of such Series on the maturity date set forth in clause (i) above, and (iv) any costs of redemption or defeasance or other Administrative Expenses incurred by any party to a Financing Document in implementing such prepayment.
- (c) The prepayment options set forth in subsections (a) and (b) above may be exercised by the Corporation at any time by (i) giving written notice to the Trustee and the Authority of the exercise of such option at least fifty-two (52) days prior to the final maturity date set forth in such notice, and (ii) complying with any other requirements of Article XII of the Bond Resolution that may be required by the Trustee or the Authority to defease the affected Bonds in accordance with the terms of the Bond Resolution, including, without limitation, a verification report from a nationally recognized accounting firm approved by the Trustee and the Authority to the effect that the amount so prepaid shall equal the amount described in subparagraph (b) above (for a full prepayment) and shall therefore be sufficient to

defeasement of the affected Bonds (in whole or in part, as the case may be) by paying all of the principal thereof and redemption premium, if any, thereon through and including the final maturity thereof, plus all interest accruing thereon to such final maturity date. Such option shall be exercised by depositing with said notice cash and/or Investment Securities in such amount as shall be sufficient, together with interest to accrue thereon, to pay the Bonds to be defeased on said redemption date.

- (d) Notwithstanding any provision herein or in any Financing Document to the contrary, the Corporation may not advance refund, currently refund or otherwise refund any Series of Bonds with bonds, notes or other obligations of the Corporation, or such other moneys available to the Corporation, and use such moneys to make any prepayments hereunder unless (i) provision has been made by the Corporation for the payment of all (A) principal of, redemption premium if any, and interest on the Series of Bonds being refunded to any redemption date and (B) Administrative Expenses of the Authority relating thereto, and (ii) if applicable, prior written notification of any such refunding has been given to the Authority. Notwithstanding the foregoing, the Authority may, in its sole discretion at the times and under the circumstances and for the purposes set forth in the Bond Resolution, advance refund, currently refund, or otherwise refund any Series of Bonds, the allocation of the benefit from which shall be determined between the Authority and the Corporation at the time of any such defeasance and/or refunding.

SECTION 702. Mandatory Prepayment.

- (a) Upon the acceleration of the Bonds, the Corporation shall forthwith prepay all of its Basic Loan Payments by paying to the Trustee, immediately upon receipt of notice of such acceleration, the sum of (i) the aggregate amount of the unpaid principal of the Bonds, (ii) any interest accrued on the Bonds from the last Interest Payment Date thereof on which interest thereon was paid to the date that the amount in clause (i) above has been paid in full, and (iii) any costs of acceleration or other Administrative Expenses incurred by any party to a Financing Document in implementing such prepayment.
- (b) In the event the Mandatory Purchase Price remains unpaid when due, the Corporation shall make an Additional Loan Payment immediately due and payable equal to, for any date of such deficiency, the amount of such deficiency times the per diem Overdue Rate.

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the extent the Net Proceeds are insufficient to cover the applicable amount described in Section 701(b) hereof.

SECTION 803. Cooperation of Authority.

The Authority shall cooperate fully with the Corporation, at the sole cost and expense of the Corporation, in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 801 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Housing Project or any part thereof. In no event shall the Authority voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Housing Project or any part thereof, without the prior written consent of the Corporation.

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**ARTICLE VIII
DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS**

SECTION 801. Damage, Destruction and Condemnation.

If either (i) the Housing Project or any portion thereof is destroyed or damaged by fire or other casualty or (ii) title to or the temporary use of the Housing Project or any part thereof, shall be taken under a valid exercise of the power of eminent domain by any governmental body, and provided the Corporation shall not have caused an Event of Default hereunder, in which event the Net Proceeds shall be applied as directed by the Authority, the Corporation shall have the following mutually exclusive rights to cause the application of Net Proceeds sufficient to perform either of the following, which the Corporation may exercise in its sole discretion: (y) the Corporation shall cause the application of any Net Proceeds to the prompt repair, restoration, modification, improvement, construction or installation of the Housing Project by causing the Authority to transfer, and upon the Authority's receipt of a Certificate of an Authorized Officer of the Corporation to such effect the Authority shall so transfer, such Net Proceeds to the Trustee for deposit in the Project Fund, thereby allowing the Corporation to file with the Trustee the appropriate Draw Papers to requisition such Net Proceeds from the Project Fund in accordance with the terms hereof, in which event the Corporation shall continue to be obligated to pay the Loan Payments due hereunder, without adjustment; or (z) the Corporation shall exercise an Optional Prepayment in whole by paying the then applicable amount described in Section 701(b) hereof and causing the Authority to deposit, and upon the Authority's receipt of a Certificate of an Authorized Officer of the Corporation to such effect the Authority shall so deposit, such Net Proceeds with the Trustee in the Revenue Fund, the Debt Service Fund, or such other Fund or Account that would allow the application of the Net Proceeds toward said Optional Prepayment in whole and the resulting defeasance of all Outstanding Bonds. Subsections (y) and (z) above are mutually exclusive.

SECTION 802. Insufficiency of Net Proceeds.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement relating to the Housing Project as so damaged or taken, the Corporation shall either:

- (a) direct the application of the Net Proceeds in the manner as set forth in Section 801(y) above, thereby requiring the Corporation to complete the work relating to the Housing Project as so set forth, except that the Corporation shall itself pay any Project Costs in excess of the amount of the Net Proceeds, and, if by reason of any such insufficiency of the Net Proceeds the Corporation shall make any payments pursuant to the provisions of this Section 802(a), the Corporation shall not be entitled to any reimbursement therefor from the Authority, nor shall the Corporation be entitled to any diminution of the Loan Payments due hereunder with respect to the Housing Project, or
- (b) direct the application of the Net Proceeds in the manner as set forth in Section 801(z) above, thereby requiring the Corporation to make an equity contribution to

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**ARTICLE IX
ASSIGNMENT, LEASING, MORTGAGING AND SELLING**

SECTION 901. Assignment by Authority.

Except for this Loan Agreement and as otherwise provided below and in any other Financing Document, the Authority shall not assign its obligations under this Loan Agreement and no such purported assignment thereof shall be effective. All of the Authority's right, title and interest in and to this Loan Agreement, the Loan Payments and the other amounts due to it hereunder and under the Housing Project shall be assigned by the Authority to the Trustee pursuant to Section 301 hereof and the pledge of the Trust Estate under the Bond Resolution.

SECTION 902. Loan Payments to Trustee.

The Authority and the Corporation hereby agree that from and after the adoption of the Bond Resolution and the execution of this Loan Agreement, so long as the same shall remain in effect, payment by the Corporation to the Trustee of any moneys or sums due hereunder from the Corporation to the Authority shall satisfy the obligation of the Corporation to pay such money or sums.

SECTION 903. Assignment and Leasing by Corporation.

This Loan Agreement may not be assigned by the Corporation, and the Housing Project may not be leased by the Corporation, without the prior written consent of the Authority and the County, in their sole discretion. Any such purported assignment or lease shall be deemed null and void without such prior written consent. This limitation shall not be applicable to leases or other similar interests that may be conveyed by the Corporation, from time to time, (i) to residents of the Housing Project or (ii) to occupants of the office space comprising a portion of the Housing Project.

SECTION 904. Restriction on Mortgage or Sale of Project by Corporation.

The Corporation shall not mortgage, sell, assign, transfer or convey the Housing Project or any portion thereof, without the prior written consent of the Authority and the County, in their sole discretion.

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**ARTICLE X
EVENTS OF DEFAULT; REMEDIES**

SECTION 1001. Events of Default.

- (a) An Event of Default hereunder means the occurrence of any one or more of the following events:
- (i) The Corporation fails to (A) make any Basic Loan Payment or any Additional Loan Payment as it becomes due or (B) maintain any insurance requirement set forth hereunder.
 - (ii) The Corporation fails to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder or under any Corporation Document, and such failure is not cured within ninety (90) days after written notice thereof has been given to the Corporation by the Authority or the Trustee; provided, however, that if such failure cannot be cured within said ninety (90) day period, the Corporation shall not be in default if it has commenced to cure within such ninety (90) day period, it continuously proceeds with the cure, and if such action to cure the default is acceptable to the Authority and the Authority indicates the same in writing.
 - (iii) The discovery by the Authority or the Trustee that any material statement, representation or warranty made by the Corporation in this Loan Agreement, or in any writing delivered by the Corporation pursuant hereto or in connection herewith, is false, misleading or erroneous in any material respect.
 - (iv) The Corporation becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to or acquiesces in the appointment of a trustee, receiver or custodian for the Corporation or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed for the Corporation or a substantial part of its property and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement, moratorium or other proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or, if permitted by law, against the Corporation and, if instituted against the Corporation, is consented to or acquiesced in by the Corporation or is not dismissed within sixty (60) days.
 - (v) The entering of an order or decree appointing a receiver for the Housing Project or for any part thereof or for the revenues thereof with or without the consent or acquiescence of the Corporation, and such order or decree shall not be vacated, discharged or stayed within ninety (90) days after the date of such entry.

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Corporation's Event of Default hereunder shall be waived without further action by the Trustee or the Authority or any other Interested Party. Upon such payment and waiver, this Loan Agreement shall be fully reinstated as if it had never been terminated, and the Corporation shall be restored to the use, occupancy and possession of the Housing Project.

SECTION 1004. Election of Remedies; No Waiver of Elected Remedies.

No failure on the part of either party to exercise, and no delay in exercising any right or remedy so provided for herein, shall operate as a waiver thereof, nor shall any single or partial exercise by either party of any right or remedy so provided hereunder preclude any other or further exercise of any other right or remedy provided hereunder.

SECTION 1005. 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, and shall not be construed to be an implied term hereof or a course of dealing between the parties hereto.

SECTION 1006. Agreement to Pay Attorneys' Fees and Expenses.

In the event either party to this Loan Agreement should default under any of the provisions hereof and the non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement, performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall, on demand therefor, pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

SECTION 1007. Late Charges.

Whenever any payment of Loan Payments is not made when due, the Corporation promises to pay to the Authority, in addition to the amount due, interest thereon at the Overdue Rate.

SECTION 1008. Delay; Notice.

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. Any such right or power may be exercised from time to time and as often as may be deemed expedient, and any one exercise thereof shall not be deemed an exclusive exercise. To entitle any party to exercise any remedy reserved to it in this Loan Agreement, it shall not be necessary to give any notice other than as may be specifically required in this Loan Agreement.

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- (b) Upon the occurrence of an Event of Default under this Section 1001, the Trustee shall transmit a written notice, including electronic mail, of such Event of Default to the Authority and the Corporation within thirty (30) days of the Trustee's knowledge thereof.
- (c) Upon the occurrence of an Event of Default under this Section 1001, all obligations of the Corporation under this Loan Agreement shall remain in full force and effect.

SECTION 1002. Remedies.

Upon the occurrence and continuation of any Event of Default as described in Section 1001 hereof, at the option of the Authority, the Mandatory Prepayment described in Section 702 hereof shall become immediately due and payable by the Corporation upon the Authority's declaration. So long as the County is not in default under the County Guaranty, the County shall have the right to direct all remedial proceedings under this Loan Agreement, including the consent to remedies taken upon an Event of Default. Subject to the preceding sentence, the Authority shall have the right, without any further demand or notice, to take one or any combination of the remedial steps below:

- (i) With or without terminating this Loan Agreement, declare all Loan Payments due or to become due hereunder to be immediately due and payable by the Corporation, whereupon such Loan Payments shall be immediately due and payable.
- (ii) Take whatever action at law or in equity may appear necessary or desirable to collect the Loan Payments then due and thereafter to become due hereunder with respect to the Housing Project or to enforce performance and observance of any obligation, agreement or covenant of the Corporation under this Loan Agreement.

SECTION 1003. Reinstatement.

Notwithstanding any termination of this Loan Agreement that shall be made in accordance with the provisions of Section 1002 hereof, if, after the maturity of the Outstanding Bonds shall have been accelerated by the Trustee (upon the occurrence of an Event of Default) under the terms of the Bond Resolution, (a) all arrears of interest on such Outstanding Bonds and interest on overdue installments of principal, redemption premium, if any, and (to the extent permitted by law) interest on such Bonds at a rate per annum equal to the highest rate per annum borne by any of the Bonds shall have been paid, (b) the principal and redemption premium, if any, on all Outstanding Bonds that have become due and payable (other than by an acceleration) shall have been paid, (c) all other sums payable under the terms of the Bond Resolution, except the principal of and the interest on such Bonds that by such acceleration shall have become due and payable, and under the terms of the other Financing Documents shall have been paid, (d) all other things shall have been performed in respect of which there was an Event of Default, (e) the reasonable fees and expenses of the Authority, the Trustee, the County, and the Bondholders, including Administrative Expenses thereof (including reasonable attorneys' fees paid or incurred) shall have been paid, and (f) such acceleration under the terms of the Bond Resolution is rescinded, then the

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**ARTICLE XI
ADMINISTRATIVE PROVISIONS**

SECTION 1101. Notices.

Unless otherwise provided in writing, any notices to be given or to be served upon any party hereto, or any other documents to be delivered to any Veterans Housing Project Interested Party, all in connection with this Loan Agreement, must be in writing and may be delivered personally, by telecopy, by e-mail, or by overnight, certified or registered mail. If such notice or document is delivered by certified or registered mail, it shall be deemed to have been given and received forty-eight (48) hours after a registered or certified letter containing such notice, postage prepaid, is deposited in the United States mail. If such notice or document is delivered by telecopy or e-mail, a hard copy of such notice or document shall be sent by certified or registered mail, although such notice or document shall be deemed to have been delivered upon receipt of the telecopy or e-mail by such party or other Veterans Housing Project Interested Party. If such notice is given or document is delivered otherwise, it shall be deemed to have been given or delivered, as applicable, when delivered to and received by the party or other Veterans Housing Project Interested Party to whom it is addressed. Such notice or document shall be given to the parties or other Veterans Housing Project Interested Party at their following respective addresses or at such other address as any party or other Veterans Housing Project Interested Party may hereafter designate to the other parties hereto in writing:

- (a) If to the Authority:

With a copy to:

- (b) If to the Corporation:

With a copy to:

- (c) If to the Trustee:

With a copy to:

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(d) If to the County:

With a copy to:

SECTION 1102. 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 1103. Amendments, Changes and Modifications.

- (a) This Loan Agreement may be amended, supplemented, or otherwise modified with respect to the recomputation of Basic Loan Payments or Additional Loan Payments related to any Optional Prepayment or Mandatory Prepayment, or with respect to any other term of this Loan Agreement affecting the security of the Bond Resolution, by (i) written amendment authorized executed and delivered by each of the Authority and the Corporation and (ii) by compliance with Article XI of the Bond Resolution regarding conditions required for amendment of the Bond Resolution, which may include the consent of the Trustee and/or the County.
- (b) Other than as provided in subsection (a) above, this Loan Agreement may be amended, supplemented, or otherwise modified with respect to any of its other provisions by written amendment authorized and executed by the Authority, the Corporation, and to the extent any of the rights, duties or obligations of the Interested Parties under a Financing Document are affected, with the written acknowledgment and consent of any one or more such Interested Parties, as applicable.
- (c) To the extent Bonds are Outstanding at the time of any amendment, supplement or modification of this Loan Agreement, any such proposed amendment, supplement or modification, in substantially final form, shall be delivered by the Authority at least fifteen (15) days in advance of its execution to the Trustee and each rating agency that at such time is rating any such Bonds, unless this provision is waived by any such rating agency and the Trustee; moreover, no such amendment, supplement or modification shall be entered into by the parties unless there shall be no adverse effect on the rating of such Bonds. Where there shall be no such adverse effect on the rating of such Bonds, a final copy of any such authorized, executed and delivered amendment, supplement or modification of this Loan Agreement shall be promptly delivered to each such rating agency and the Trustee.

SECTION 1111. No Personal Liability or Accountability.

No covenant or agreement contained in this Loan Agreement shall be deemed to be the covenant or agreement of any present, past or future officer, agent or employee of the Authority or the Corporation, in his or her individual capacity, and neither the officers, agents or employees of the Authority or the Corporation nor any official executing this Loan Agreement shall be liable personally on this Loan Agreement or be subject to any personal liability or accountability by reason of any transaction or activity relating to this Loan Agreement.

SECTION 1112. Gender.

Use of the masculine, feminine or neuter gender herein is for purposes of convenience only and shall be deemed to mean and include the other genders whenever and wherever appropriate.

SECTION 1113. Receipt of Loan Agreement.

The parties hereto each acknowledge receipt of a signed, true and exact copy of this Loan Agreement.

SECTION 1114. Approvals.

In order to ensure that construction of the Housing Project is not unduly delayed, in the event that any party to this Loan Agreement seeks the approval or consent of another party to this Loan Agreement, the party considering such request shall not unreasonably condition, withhold or delay such consent or approval.

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SECTION 1104. Further Assurances and Corrective Instruments.

The Authority and the Corporation agree that they shall, if necessary, execute, acknowledge and deliver such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Housing Project, or any inadequate or incorrect description intended so to be, or for carrying out the expressed intention of this Loan Agreement.

SECTION 1105. Applicable Law.

This Loan Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 1106. Authority and Corporation Officers.

Whenever under the provisions of this Loan Agreement the approval of the Authority or the Corporation is required or the Authority or the Corporation is required to take some action at the request of the other, such approval of such request shall be given for each party by its respective Authorized Officer, and any party hereto shall be authorized to rely upon any such approval or request.

SECTION 1107. Captions.

The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

SECTION 1108. Binding; Counterparts.

This Loan Agreement shall be binding upon the parties hereto only when duly executed on behalf of both the Authority and the Corporation together; provided, however, that each set of counterparts taken together shall constitute an original.

SECTION 1109. Inspections Permitted.

The Authority may enter upon the premises of the Housing Project for the purpose of inspection at all reasonable times, and, upon reasonable notice, may enter upon the job, building or place where the Housing Project and the books and records of the Corporation are located.

SECTION 1110. Time is of the Essence.

Time is of the essence with respect to this Loan Agreement, and no covenant or obligation hereunder to be performed by the Corporation may be waived except by the written consent of the Authority and the Corporation. Waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation or any other covenant or obligation as to any other occasion and shall not preclude the Authority from invoking such remedy at any later time prior to the Corporation's cure of the condition giving rise to such remedy. Each of the Authority's rights hereunder is cumulative to its other rights hereunder and not alternative thereto.

IN WITNESS WHEREOF, the Authority and the Corporation have caused this Loan Agreement to be executed as of November 1, 2024.

THE PASSAIC COUNTY IMPROVEMENT AUTHORITY

By: _____
Name:
Title:

PASSAIC COUNTY AFFORDABLE HOUSING CORPORATION

By: _____
Name:
Title:

CAPITAL CONTRIBUTION, SUBSIDY AND DEFICIENCY AGREEMENT

This Capital Contribution, Subsidy and Deficiency Agreement by and among the County of Passaic (the "County"), a body politic and corporate of the State of New Jersey (the "State"), The Passaic County Improvement Authority (including any successors and assigns, the "Authority") and Manufacturers and Traders Trust Company (the "Trustee") dated as of the 1st day of November, 2024 (this "Subsidy and Deficiency Agreement").

WITNESSETH:

WHEREAS, the Authority has been duly created by resolution duly adopted by the Board of County Commissioners (the "Board of County Commissioners") of the County as a public body corporate and politic of the State pursuant to and in accordance with the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"), and other applicable law;

WHEREAS, the Passaic County Affordable Housing Corporation (the "Corporation"), a New Jersey not-for-profit corporation and a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), proposes to acquire certain real estate (the "Project Site") located in the Borough of Pompton Lakes (the "Borough"), and to construct thereon a multifamily rental housing project (the "Housing Project"), comprising approximately 50 one-bedroom units, exclusively for use by low and moderate income senior citizen households with preference for veterans and Borough residents;

WHEREAS, the Project Site is being acquired by the Corporation pursuant to a Purchase and Sale Agreement (the "Purchase and Sale Agreement") between the County, as seller, and the Corporation, as buyer, as authorized by a resolution adopted by the Board of County Commissioners on December 28, 2021;

WHEREAS, the Corporation expects to enter into a Housing Assistance Payments Contract (the "HAP Contract") with the Passaic County Public Housing Agency (the "Agency"), by which the Agency will agree, subject to the satisfaction of certain requirements, to make certain periodic subsidy payments to the Corporation (the "HAP Payments"), which are expected to be derived from periodic payments from the United States Department of Housing and Urban Development to the Agency, in support of the affordable housing units to be provided by the Housing Project;

WHEREAS, the Corporation expects to charge rents in respect of the use and occupancy of the units comprising the Housing Project (the "Rents"), which rents shall be subject to certain limitations imposed by the HAP Contract and applicable federal and state regulations;

WHEREAS, in accordance with the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LRHL"), the governing body of the Borough has, by resolution adopted on April 28, 2021, designated a portion of the Borough, including the Project Site, as a non-condemnation area in need of redevelopment (the "Redevelopment Area");

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WHEREAS, the payment of the principal (including mandatory sinking fund installments, if any) of, and interest (at interest rates not to exceed the maximum rates set forth in the Local Finance Board Application) on the Series 2024 Bonds, but not any redemption premium, shall be fully, unconditionally and irrevocably guaranteed in accordance with (i) the terms of the Guaranty Ordinance, (ii) a guaranty certificate to be executed by an authorized officer of the County within each Series 2024 Bond and (iii) a Guaranty Agreement to be dated the date of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the "Guaranty Agreement") by and between the County and the Authority, setting forth, among other things, the County's obligation to make any such guaranty payments in accordance with and within the parameters set forth in the Guaranty Ordinance and the Bond Resolution, all pursuant to Section 37 and other applicable law, which payments are included as part of the hereinafter-defined Trust Estate applicable to the Series 2024 Bonds pledged by the Authority to the Trustee under the Bond Resolution (the "Trustee");

WHEREAS, simultaneously with the issuance of the Series 2024 Bonds, the Authority and the Corporation will each enter into a Loan Agreement (the "Loan Agreement"), by which the Corporation will agree to make certain periodic loan repayments to the Authority (the "Loan Repayments") in amounts that are sufficient, in both time and amount, to pay all debt service requirements in respect of the Bonds, taking into account various credits, as provided therein;

WHEREAS, the Loan Repayments are expected to be derived from, and will be secured by a pledge and assignment of, all revenues received by the Corporation, including but not limited to the Rents and the HAP Payments;

WHEREAS, simultaneously with the issuance of the Series 2024 Bonds, the County, the Authority and the Trustee will each enter into this Subsidy and Deficiency Agreement, setting forth, among other things, the rights to receive payment from the County, subject to annual appropriation, pursuant to N.J.S.A. 40:37A-79 of the Act, representing (i) an initial capital contribution in support of the Housing Project, (i.e. the hereinafter-defined Capital Contribution), (ii) certain scheduled payments to be made by the County in support of the Housing Project (i.e., the hereinafter-defined Subsidy Payments) and (iii) certain voluntary payments in the case of any Deficiency (as defined herein), prior to any mandatory payment under the County Guaranty (i.e., the hereinafter-defined Deficiency Payments);

WHEREAS, the debt service payable on the Series 2024 Bonds is expected to be paid from, and will be secured by, the revenues received by the Corporation, together with any Subsidy Payments and Deficiency Payments made from time to time by the County;

WHEREAS, payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2024 Bonds, shall be secured by the Trust Estate (as defined in the Bond Resolution), including the above-referenced sources and any payments made from time to time by the County under the County Guaranty (the "Guaranty Payments");

WHEREAS, pursuant to the Loan Agreement and the Bond Resolution, all revenues received by (or for the account of) the Corporation will be deposited with the Trustee, and will thereupon be used to make the Loan Repayments, pay the costs of operating and maintaining the Housing Project, provide necessary reserves, and reimburse the County for any and all

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WHEREAS, in accordance with the LRHL, the governing body of the Borough has, by ordinance finally adopted on July 19, 2023, adopted a redevelopment plan governing the Redevelopment Area (the "Redevelopment Plan");

WHEREAS, in accordance with the LRHL, the Borough's designated redevelopment entity, the Pompton Lakes Redevelopment Agency, has, by resolution, designated the Corporation as the redeveloper of the Project Site and authorized the execution and delivery of a redevelopment agreement with the Corporation, by which the Corporation has agreed to construct the Housing Project;

WHEREAS, in accordance with the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., the governing body of the Borough has, by ordinance, authorized the execution and delivery of a financial agreement with the Corporation, by which the Corporation has agreed to pay certain service charges in lieu of property taxes on the Project Site and the Project;

WHEREAS, pursuant to Section 37 ("Section 37") of the Act (N.J.S.A. 40:37A-80) and other applicable law, the Board of County Commissioners of the County has finally adopted an amended and restated guaranty ordinance on February 27, 2024 (the "Guaranty Ordinance") in support of the redevelopment project consisting of the construction of the Housing Project by the Corporation;

WHEREAS, the County and the Authority have determined that it in their best interests to, among other things: (i) cause the Authority to issue its County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 (the "Series 2024 Bonds") for the purpose of financing the costs of constructing the Housing Project, (ii) cause the County to adopt the Guaranty Ordinance, execute the hereinafter-defined Guaranty Agreement and execute a certificate of guaranty on the face of each Series 2024 Bond (collectively, the "County Guaranty"), authorizing the guaranty of the principal of and interest on the Series 2024 Bonds, (iii) cause the County to authorize and execute this Subsidy and Deficiency Agreement for the Series 2024 Bonds to provide for an initial County capital contribution and certain ongoing County subsidy payments and deficiency payments pursuant to N.J.S.A. 40:37A-79 of the Act as more fully described herein, and (iv) cause the County and the Authority to take any and all other actions deemed necessary, desirable and convenient in connection with matters detailed herein (collectively, the "Series 2024 Project");

WHEREAS, the Series 2024 Bonds shall be sold by negotiated sale to Raymond James & Associates, Inc., as underwriter (the "Underwriter") of the Series 2024 Bonds, the terms of which sale shall be as set forth in that certain Bond Purchase Agreement (as defined herein);

WHEREAS, the Series 2024 Bonds shall be issued pursuant to the terms of that certain "RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF PASSAIC GUARANTEED REVENUE BONDS (SENIOR HOUSING PROJECT), SERIES 2024 OF THE PASSAIC COUNTY IMPROVEMENT AUTHORITY" adopted by the governing body of the Authority on February 28, 2024, as may be amended and supplemented from time to time in accordance with its terms, including by a certificate of an Authorized Officer of the Authority to be dated the date of issuance of the Series 2024 Bonds (collectively, the "Bond Resolution"), the Act and other applicable law;

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Deficiency Payments and Guaranty Payments;

WHEREAS, to further secure the reimbursement of the Deficiency Payments and the Guaranty Payments, the Corporation will, simultaneously with the issuance and delivery of the Series 2024 Bonds, execute and deliver a Mortgage, Assignment of Leases and Rents, Security Agreement, Financing Statement, and Fixture Filing to be dated the date of issuance of the Series 2024 Bonds (the "County Security Document"), granting to the County a first lien mortgage on the Project Site and the Housing Project and a security interest in the Corporation's personal property, accounts, rents and general intangibles, subject only to such lien (if any) as may be granted by the Corporation to the Authority or the Trustee to secure payment of the Loan Repayments, and assigning to the County all leases and proceeds thereof, subject only to such assignment (if any) as may be granted by the Corporation to the Authority or the Trustee to secure payment of the Loan Repayments;

WHEREAS, the County Security Document shall secure only the County, and shall not constitute security for the Series 2024 Bonds;

WHEREAS, as a "materially obligated person" within the meaning and for the purposes set forth in Rule 15c2-12 of the U.S. Securities and Exchange Commission ("Rule 15c2-12"), the County will be required to enter into that certain County Continuing Disclosure Agreement dated the first day of the month of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the "County Continuing Disclosure Agreement") with the dissemination agent named therein, in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the County Continuing Disclosure Agreement, the Authority shall (i) not be considered a "materially obligated person" within the meaning and for the purposes set forth in Rule 15c2-12, and (ii) be required to provide certain material events notices in accordance with Rule 15c2-12, and accordingly, the Authority shall be required to provide such material events notices under the terms of the County Continuing Disclosure Agreement, all in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, the Corporation, as a "materially obligated person" within the meaning and for the purposes set forth in Rule 15c2-12, shall be required to enter into that certain Corporation Continuing Disclosure Agreement dated the first day of the month of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the "Corporation Continuing Disclosure Agreement") with the dissemination agent named therein, in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, in accordance with the Act and N.J.S.A. 40A:5A-6, 7 and 8 of the Local Authorities Fiscal Control Law, the Authority has made an application (the "Local Finance Board Application") seeking findings and approval from the Local Finance Board (the "Local Finance Board") in the Department of Local Government Services of the State Department of Community Affairs;

WHEREAS, the Local Finance Board issued positive findings and approval in respect of the Local Finance Board Application at its meeting held on February 14, 2024;

4

WHEREAS, in order to market and sell the Series 2024 Bonds by negotiated sale the Authority shall have authorized (a) the distribution of a preliminary official statement “deemed final” within the meaning and for the purposes of Rule 15c2-12 describing the terms of the Series 2024 Bonds (the “*Preliminary Official Statement*”); (b) the execution and delivery of a bond purchase agreement (the “*Bond Purchase Agreement*”) with the Underwriter to purchase all or a portion of the Series 2024 Bonds; and (c) the execution and delivery of a final Official Statement incorporating the terms of the sale of the Series 2024 Bonds and certain other information into the Preliminary Official Statement (the “*Official Statement*”), and together with the Preliminary Official Statement, and the Bond Purchase Agreement, and any of the same or other offering or sale documents that may be required, the “*Sale Documents*”;

WHEREAS, in accordance with Section 13 (“*Section 13*”) of the Act (N.J.S.A. 40:37A-56), the Authority has heretofore made a detailed report regarding the Series 2024 Project to the Board of County Commissioners, consisting of the Local Finance Board Application, which includes, without limitation, descriptions of the Series 2024 Bonds, the Bond Resolution, the Loan Agreement, the County Security Document, the County Continuing Disclosure Agreement, the Corporation Continuing Disclosure Agreement, the County Guaranty, the Guaranty Agreement, this Subsidy and Deficiency Agreement and, as applicable, the Sale Documents (collectively, the “*Financing Documents*”), and which report and amended report has been accepted by the County by resolution adopted by the Board of County Commissioners on February 27, 2024 pursuant to Section 13;

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements herein set forth and the respective undertakings of each party to the other, the County, the Authority and the Trustee, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

ARTICLE II

CAPITAL CONTRIBUTION; SUBSIDY PAYMENTS BY THE COUNTY

Section 201. The County hereby agrees to make a capital contribution (the “*Capital Contribution*”) to the Corporation toward the eligible costs of acquisition, construction, furnishing and equipping of the Housing Project (the “*Project Costs*”) in an amount equal to Five Million One Hundred Thousand Dollars (\$5,100,000), or such lesser amount as is needed in order to provide for payment of all Project Costs after taking into account, and first applying, all other sources of funding for the Project Costs (including Series 2024 Bond proceeds, the Agency’s \$_____ cash contribution and the \$500,000 State grant in support of the Housing Project), to the extent such sources are not earmarked for issuance expenses or capitalized interest (the “*Other Funding Sources*”). The Capital Contribution shall be made by the County at the times and in the manner herein set forth; provided, that no payment(s) shall be made until an appropriation therefor has been made by the Board of County Commissioners in accordance with law. The Capital Contribution may be payable in a single installment or in multiple installments, and when made shall be paid over to the Trustee for deposit into a segregated fund or account held under the Bond Resolution, not subject to the lien and pledge in favor of the Authority or the holders of the Series 2024 Bonds (the “*Capital Contribution Account*”).

Amounts in the Capital Contribution Account may be invested from time to time by the Trustee, with all earnings thereon credited to such account. Amounts in the Capital Contribution Account shall be applied solely toward the payment of Project Costs following depletion of the Other Funding Sources, as provided herein. Upon completion of the Housing Project, the Trustee shall promptly pay over to the County any remaining balance in the Capital Contribution Account.

On or before the date of issuance of the Series 2024 Bonds, the Authority shall provide the County with a proposed drawdown schedule for the Project Costs, showing in detail the projected application of the Other Funding Sources and, to the extent needed, the Capital Contribution. The Authority shall thereafter provide to the County updates of such schedules (on at least a quarterly basis) through the completion of the Housing Project.

Upon the issuance of the Series 2024 Bonds, the County may cause to be paid to the Trustee, for deposit in the Capital Contribution Account, all or a portion of the projected Capital Contribution. To the extent not so deposited, the County shall, subject to appropriation as aforesaid, make one or more subsequent payments to the Trustee, for deposit and application as aforesaid, in such amounts and at such times as may be needed in order to provide for the timely payment of Project Costs (following depletion of the Other Funding Sources).

The Authority and the Trustee each hereby agree to provide to the County monthly reports as to the investment and expenditure of funds in the Capital Contribution Account, together with such additional information as may be requested by the County from time to time in order to comply with such reporting requirements as may be imposed upon the County by the respective funding sources for such Capital Contribution.

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 101. Certain Definitions. Capitalized words and terms which are used in this Subsidy and Deficiency Agreement as defined terms shall, unless otherwise defined herein or unless a different meaning clearly appears from the context, having the meanings which are set forth below in the preambles hereto.

Section 102. Terms Generally. Whenever the context may require, any pronoun which is in this Subsidy and Deficiency Agreement shall include the corresponding masculine, feminine and neuter forms and the singular shall include the plural and vice versa. Unless otherwise noted, the words “include”, “includes”, and “including” which are used in this Subsidy and Deficiency Agreement shall be deemed to be followed by the phrase “without limitation”. The words “agree”, approval” and “consent” which are used in this Subsidy and Deficiency Agreement shall be deemed to be followed by the phrase “which shall not be unreasonably withheld or unduly delayed” except as may otherwise be specified”.

Section 103. Short Title. This Subsidy and Deficiency Agreement may hereafter be cited and is herein sometimes referred to as the “Subsidy and Deficiency Agreement”.

Section 202. In formulating the proposed annual County budget for each of the following fiscal years, the chief financial officer of the County shall include the following scheduled annual subsidy payments (the “*Subsidy Payments*”) pursuant to N.J.S.A. 40A:37A-79 and this Subsidy and Deficiency Agreement, for voluntary appropriation and payment to the Trustee in support of debt service payable on the Series 2024 Bonds on the Interest Payment Dates and the Principal Payment Date falling within such fiscal year:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$30,000	2042	\$30,000
2028	30,000	2043	30,000
2029	30,000	2044	30,000
2030	30,000	2045	30,000
2031	30,000	2046	30,000
2032	30,000	2047	30,000
2033	30,000	2048	30,000
2034	30,000	2049	30,000
2035	30,000	2050	30,000
2036	30,000	2051	30,000
2037	30,000	2052	30,000
2038	30,000	2053	30,000
2039	30,000	2054	30,000
2040	30,000	2055	30,000
2041	30,000	2056	30,000

Section 203. The Board of County Commissioners may (but shall not be obligated to) include all or any portion of the Subsidy Payment in its annual operating budget, and/or in any temporary or emergency appropriation. The County shall provide prompt notice of any such appropriation action to the Authority and the Trustee. To the extent funds are so appropriated by the Board of County Commissioners, it shall be the duty of the chief financial officer to pay over such amounts to the Trustee. The amount appropriated in each year shall be paid in two equal installments, the first half to be paid no later than thirty (30) days prior to the first Interest Payment Date for the Series 2024 Bonds occurring during such fiscal year, and the second half to be paid no later than thirty (30) days prior the second Interest Payment Date for the Series 2024 Bonds occurring during such fiscal year.

Section 204. For purposes of clause (iii) of Section 2.6(a) of the County Continuing Disclosure Agreement, payments by the County under this Article II shall not be considered to be unscheduled draws reflecting financial difficulties, inasmuch as the Authority and the County anticipate that the County will be required to make Subsidy Payments under this Subsidy and Deficiency Agreement in order to provide funds which, together with other Revenues, will be sufficient to pay the debt service requirements of the Series 2024 Bonds on an ongoing basis.

ARTICLE III

NOTICE OF ANTICIPATED DEFICIENCY; COUNTY APPROPRIATION

Section 301. On the date of issuance of the Series 2024 Bonds, and on January 15 of each year thereafter, the Authority shall provide to the County (i) a statement as to the aggregate amount of debt service payable on the Series 2024 Bonds on each Interest Payment Date and Principal Payment Date falling within such fiscal year (the "Debt Service Forecast") and (ii) its written report (the "Annual Revenue Projection") containing its good faith estimate of the amount of Revenues (as defined in the Bond Resolution) and other moneys projected to be available in support of debt service payable on the Series 2024 Bonds on each Interest Payment Date and Principal Payment Date falling within such fiscal year. Such Annual Revenue Projection shall, to the extent practicable, identify the amounts projected to be so available on each such date by their respective sources (i.e., Rents, HAP Payments, Subsidy Payments, other).

Section 302. Upon receipt of the Debt Service Forecast and Annual Revenue Projection, the chief financial officer of the County shall compute, for each such Interest Payment Date and Principal Payment Date, the amount (if any) by which the amount of said projected debt service payments exceed the amount of said projected Revenues and other available moneys (such excess, if any, for all such Interest Payment Dates and Principal Payments Dates during such fiscal year being the "Projected Deficiency" for such fiscal year). If a Projected Deficiency is indicated, the chief financial officer of the County shall forthwith transmit to the Board of Chosen Commissioners for its consideration the amount of such Projected Deficiency, together with copies of the Debt Service Forecast and Annual Revenue Projection.

Section 303. The Board of Chosen Commissioners may (but shall not be obligated to) include all or any portion of the Projected Deficiency in its annual operating budget, and/or in any temporary or emergency appropriation. The County shall provide prompt notice of any such appropriation action to the Authority and the Trustee. To the extent funds are so appropriated by the Board of Chosen Commissioners, it shall be the duty of the chief financial officer to pay over to the Trustee such amounts (if any) as may be required during such fiscal year pursuant to Section 301 hereof. On the thirtieth (30th) day following the last Interest Payment Date or Principal Payment Date during such fiscal year, but in any event not later than the last day of such fiscal year, the chief financial officer shall (unless otherwise directed by resolution of the Board of Chosen Commissioners) pay an amount equal to the amount of such unspent appropriation to the Authority, which shall deposit the amount so paid into the County Security Fund for application toward any of the purposes for which such fund may be used.

Section 304. Unless otherwise directed in writing by the chief financial officer of the County, the Authority and the Trustee shall allocate all Revenues (other than Subsidy Payments, Deficiency Payments and Guaranty Payments, all of which shall secure only the Series 2024 Bonds) to the debt service in respect of Series 2024 Bonds and any future series of Additional Bonds on a pro-rata basis.

ARTICLE V

MISCELLANEOUS

Section 501. Enforcement and Obligation of Payment. The parties hereto acknowledge that this Subsidy and Deficiency Agreement shall be assigned to the Trustee for the benefit of the holders of the Series 2024 Bonds and the County. Every obligation which is assumed by or imposed upon the County by the terms of this Subsidy and Deficiency Agreement shall be enforceable by the Trustee, by appropriate action or proceeding, and the Trustee may have and pursue any and all remedies which are provided by law for the enforcement of every such obligation, including the remedies which are provided by the Act with respect to collection of such overdue amounts.

Section 502. Effect of Breach. Failure on the part of the Trustee in any instance or under any circumstance to observe or fully perform any obligation which is assumed by or imposed upon it by the terms of this Subsidy and Deficiency Agreement, or by law, shall not make the Trustee liable in damages to the Authority or relieve the County of its obligations to make any payment to the Trustee or to fully perform any other obligation which is required of it under the terms of this Subsidy and Deficiency Agreement.

Section 503. Pledge or Assignment. Except as provided herein, this Subsidy and Deficiency Agreement may not be assigned without the prior written consent of the County and of all other parties hereto.

Section 504. Term of Subsidy and Deficiency Agreement. This Subsidy and Deficiency Agreement shall terminate, unless otherwise extended by the mutual consent of the County and of the parties hereto on the earlier to occur of (a) the final payment of all Series 2024 Bonds (b) the redemption in whole of all Series 2024 Bonds prior the final payment thereof, and (c) issuance of refunding bonds issued to refund all Series 2024 Bonds which are outstanding as of such date and which are entitled to the benefits of this Subsidy and Deficiency Agreement; provided, however, any amount owing the County hereunder has been satisfied.

Section 505. Modifications. The provisions of this Subsidy and Deficiency Agreement shall (a) constitute the entire Subsidy and Deficiency Agreement between the parties for or with respect to the matters described herein and (b) be modified, unless provided herein to the contrary, only by a written amendment to this Subsidy and Deficiency Agreement duly executed by all parties.

Section 506. Headings. Captions and headings in this Subsidy and Deficiency Agreement are for ease of reference only and do not constitute a part of this Subsidy and Deficiency Agreement.

Section 507. Governing Law. This Subsidy and Deficiency Agreement and any questions concerning its validity, construction or performance shall be governed by the laws of the State, irrespective of the place of execution or of the order in which the signatures of the parties are affixed or of the place or places of performance.

Section 508. Counterparts. This Subsidy and Deficiency Agreement may be executed in more than one counterpart, each of which shall be deemed to be an original.

ARTICLE IV

DEFICIENCY PAYMENTS BY THE COUNTY

Section 401. Whenever the County receives a notice from the Trustee pursuant to Section 5 of the Guaranty Agreement that a "Deficiency" (as defined therein) exists, or if the County is otherwise informed of the existence of such Deficiency, then the County, but only to the extent funds shall have been appropriated for such purpose (whether in accordance with Section 303 hereof or otherwise) shall, prior to any required payment of such Deficiency under the Guaranty Agreement, make a payment in an amount equal to all or any portion of such Deficiency (each, a "Deficiency Payment"), pursuant to N.J.S.A. 40A:37A-79 and this Subsidy and Deficiency Agreement. Any such Deficiency Payment shall be paid to the Trustee no later than two (2) Business Days prior to the Interest Payment Date or the Principal Payment Date, as applicable, of the Series 2024 Bonds.

Section 402. If a Deficiency Payment is made by the County pursuant to Section 401 hereof on or in respect of any Interest Payment Date or Principal Payment Date, with respect to the Series 2024 Bonds only, the County may, in its sole discretion determine to exercise its right to cause the defeasance of all or a portion of the Series 2024 Bonds, which defeasance is contemplated by Article XII of the Bond Resolution. In any such instance, the County may establish the defeasance date at any time, with written notice to the Authority and the Trustee and otherwise in accordance with the terms of the Bond Resolution. Nothing in this Section 402 is intended to diminish the County's right to reimbursement, including those rights set forth in Section 404 hereof.

Section 403. Subject to Section 402 hereof, when notice has been provided (or knowledge has been obtained) as described above, the County may take any necessary actions to make payment of all or any portion of the Deficiency to the Trustee as provided in Section 401 hereof. Such actions may include the adoption of an emergency appropriation or an emergency temporary appropriation and the funding of such appropriation in accordance with the requirements of the Local Budget Law (N.J.S.A. 40A:4A-1 et seq.), the levy of *ad valorem* taxes on all taxable property in the County, without limitation as to rate or amount, or any other actions that are legally permitted to be taken (including the adoption of a bond ordinance pursuant to the provisions of the Local Bond Law (N.J.S.A. 40A:2-1 et seq.)).

Section 404. (a) The Authority hereby covenants to the County that in the event the County makes any Deficiency Payments under this Subsidy and Deficiency Agreement, the Authority shall be obligated and shall take all actions within its power (in accordance with the terms of the Act) so as to enable the County to be reimbursed, to the maximum extent practicable, up to the amount that shall have been paid by the County pursuant to the terms of this Article IV (i.e., the Deficiency Payments), at the earliest practicable date. The Authority shall not be obligated to reimburse the Deficiency Payments from funds within its general control that are not contemplated by the Financing Documents; the Authority, shall, however, pay or cause the Deficiency Payments to be reimbursed any past due Loan Repayments it receives from the Corporation.

Section 509. Severability. In the event that any provision of this Subsidy and Deficiency Agreement shall, for any reason, be determined to be invalid, illegal, or unenforceable in any respect the parties hereto shall negotiate in good faith and agree to such amendments, modifications, or supplements or to this Subsidy and Deficiency Agreement or to such other appropriate actions as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the parties reflected herein, and other provisions of this Subsidy and Deficiency Agreement shall, as so amended, modified, supplemented, or otherwise affected by such action, remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused their respective corporate seals to be hereunto affixed hereto and attested and this Subsidy and Deficiency Agreement be signed by their respective officers duly authorized and this Subsidy and Deficiency Agreement be dated as of the day and year first above written.

COUNTY OF PASSAIC, NEW JERSEY

[SEAL] ATTEST

By: Name: Louis E. Imhoff, III Title: Clerk, Board of County Commissioners

By: Name: John W. Bartlett, Esq. Title: Commissioner-Director

THE PASSAIC COUNTY IMPROVEMENT AUTHORITY

[SEAL] ATTEST

By: Name: Michael R. F. Bradley Title: Secretary

By: Name: Dennis Marco Title: Chairman

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

ATTEST:

By: Name: Title:

By: Name: Title:

THIS GUARANTY AGREEMENT dated as of November 1, 2024 (including any amendments or supplements hereto from time to time in accordance with the terms hereof, this "Guaranty Agreement") by and between the THE PASSAIC COUNTY IMPROVEMENT AUTHORITY (including any successors and assigns, the "Authority"), duly created by resolution of the Board of County Commissioners (the "Board of County Commissioners") of the hereinafter defined County as a public body corporate and politic of the State of New Jersey (the "State") pursuant to and in accordance with the provisions of the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (as codified at N.J.S.A. 40:37A-44 et seq., the "Act") and other applicable law, and the COUNTY OF PASSAIC, a political subdivision of the State (the "County").

WHEREAS, the Authority has been duly created by resolution duly adopted by the Board of County Commissioners of the County as a public body corporate and politic of the State pursuant to and in accordance with the Act and other applicable law;

WHEREAS, the Passaic County Affordable Housing Corporation (the "Corporation"), a New Jersey not-for-profit corporation and a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), proposes to acquire certain real estate (the "Project Site") located in the Borough of Pompton Lakes (the "Borough"), and to construct thereon a multifamily rental housing project (the "Housing Project"), comprising approximately 65 one-bedroom units, exclusively for use by low and moderate income senior citizen households with preference for veterans and Borough residents;

WHEREAS, the Project Site is being acquired by the Corporation pursuant to a Purchase and Sale Agreement (the "Purchase and Sale Agreement") between the County, as seller, and the Corporation, as buyer, as authorized by a resolution adopted by the Board of County Commissioners on December 28, 2021;

WHEREAS, the Corporation expects to enter into a Housing Assistance Payments Contract (the "HAP Contract") with the Passaic County Public Housing Agency (the "Agency"), by which the Agency will agree, subject to the satisfaction of certain requirements, to make certain periodic subsidy payments to the Corporation (the "HAP Payments"), which are expected to be derived from periodic payments from the United States Department of Housing and Urban Development to the Agency, in support of the affordable housing units to be provided by the Housing Project;

WHEREAS, the Corporation expects to charge rents in respect of the use and occupancy of the units comprising the Housing Project (the "Rents"), which rents shall be subject to certain limitations imposed by the HAP Contract and applicable federal and state regulations;

WHEREAS, in accordance with the Local Redevelopment and Housing Law, N.J.S.A.

GUARANTY AGREEMENT

By and Between

THE PASSAIC COUNTY IMPROVEMENT AUTHORITY

and the

COUNTY OF PASSAIC

Dated: as of November 1, 2024

40A:12A-1 et seq. (the "LRHL"), the governing body of the Borough has, by resolution adopted on April 28, 2021, designated a portion of the Borough, including the Project Site, as a non-condemnation area in need of redevelopment (the "Redevelopment Area");

WHEREAS, in accordance with the LRHL, the governing body of the Borough has, by ordinance finally adopted on July 19, 2023, adopted a redevelopment plan governing the Redevelopment Area (the "Redevelopment Plan");

WHEREAS, in accordance with the LRHL, the Borough's designated redevelopment entity, the Pompton Lakes Redevelopment Agency, has, by resolution, designated the Corporation as the redeveloper of the Project Site and authorized the execution and delivery of a redevelopment agreement with the Corporation, by which the Corporation has agreed to construct the Housing Project;

WHEREAS, in accordance with the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., the governing body of the Borough has, by ordinance, authorized the execution and delivery of a financial agreement with the Corporation, by which the Corporation has agreed to pay certain service charges in lieu of property taxes on the Project Site and the Project;

WHEREAS, pursuant to Section 37 ("Section 37") of the Act (N.J.S.A. 40:37A-80) and other applicable law, the Board of County Commissioners of the County has finally adopted an amended and restated guaranty ordinance on February 27, 2024 (the "Guaranty Ordinance") in support of the redevelopment project consisting of the construction of the Housing Project by the Corporation;

WHEREAS, the County and the Authority have determined that it in their best interests to, among other things: (i) cause the Authority to issue its County of Passaic Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 (the "Series 2024 Bonds") for the purpose of financing the costs of constructing the Housing Project, (ii) cause the County to adopt the Guaranty Ordinance, execute this Guaranty Agreement and execute a certificate of guaranty on the face of each Series 2024 Bond (collectively, the "County Guaranty"), authorizing the guaranty of the principal of and interest on the Series 2024 Bonds, (iii) cause the County to authorize and execute the hereinafter-defined Subsidy and Deficiency Agreement for the Series 2024 Bonds to provide for an initial County capital contribution and certain ongoing County subsidy payments and deficiency payments pursuant to N.J.S.A. 40:37A-79 of the Act as more fully described therein, and (iv) cause the County and the Authority to take any and all other actions deemed necessary, desirable and convenient in connection with matters detailed herein (collectively, the "Series 2024 Project");

WHEREAS, the Series 2024 Bonds shall be sold by negotiated sale to Raymond James & Associates, Inc., as underwriter (the "Underwriter") of the Series 2024 Bonds, the terms of which sale shall be as set forth in that certain Bond Purchase Agreement (as defined herein);

WHEREAS, the Series 2024 Bonds shall be issued pursuant to the terms of that certain "RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF PASSAIC GUARANTEED

REVENUE BONDS (SENIOR HOUSING PROJECT), SERIES 2024 OF THE PASSAIC COUNTY IMPROVEMENT AUTHORITY” adopted by the governing body of the Authority on February 28, 2024, as may be amended and supplemented from time to time in accordance with its terms, including by a certificate of an Authorized Officer of the Authority to be dated the date of issuance of the Series 2024 Bonds (collectively, the “*Bond Resolution*”), the Act and other applicable law;

WHEREAS, the payment of the principal (including mandatory sinking fund installments, if any) of, and interest (at interest rates not to exceed the maximum rates set forth in the Local Finance Board Application) on the Series 2024 Bonds, but not any redemption premium, shall be fully, unconditionally and irrevocably guaranteed in accordance with (i) the terms of the Guaranty Ordinance, (ii) a guaranty certificate to be executed by an authorized officer of the County within each Series 2024 Bond and (iii) this Guaranty Agreement, setting forth, among other things, the County’s obligation to make any such guaranty payments in accordance with and within the parameters set forth in the Guaranty Ordinance and the Bond Resolution, all pursuant to Section 37 and other applicable law, which payments are included as part of the hereinafter-defined Trust Estate applicable to the Series 2024 Bonds pledged by the Authority to the Trustee under the Bond Resolution (the “*Trustee*”);

WHEREAS, simultaneously with the issuance of the Series 2024 Bonds, the Authority and the Corporation will each enter into a Loan Agreement (the “*Loan Agreement*”), by which the Corporation will agree to make certain periodic loan repayments to the Authority (the “*Loan Repayments*”) in amounts that are sufficient, in both time and amount, to pay all debt service requirements in respect of the Bonds, taking into account various credits, as provided therein;

WHEREAS, the Loan Repayments are expected to be derived from, and will be secured by a pledge and assignment of, all revenues received by the Corporation, including but not limited to the Limits and the HAP Payments;

WHEREAS, simultaneously with the issuance of the Series 2024 Bonds, the County, the Authority and the Trustee will each enter into a Capital Contribution, Subsidy and Deficiency Agreement to be dated the date of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*Subsidy and Deficiency Agreement*”), setting forth, among other things, the rights to receive payment from the County, subject to annual appropriation, pursuant to N.J.S.A. 40:37A-79 of the Act, representing (i) an initial capital contribution in support of the Housing Project, (i.e., the Capital Contribution, as defined therein), (ii) certain scheduled payments to be made by the County in support of the Housing Project (i.e., the Subsidy Payments, as defined therein) and (iii) certain voluntary payments in the case of any Deficiency (as defined therein), prior to any mandatory payment under the County Guaranty (i.e., the Deficiency Payments, as defined therein);

WHEREAS, the debt service payable on the Series 2024 Bonds is expected to be paid from, and will be secured by, the revenues received by the Corporation, together with any Subsidy

Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*Corporation Continuing Disclosure Agreement*”) with the dissemination agent named therein, in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, in accordance with the Act and N.J.S.A. 40A:5A-6, 7 and 8 of the Local Authorities Fiscal Control Law, the Authority has made an application (the “*Local Finance Board Application*”) seeking findings and approval from the Local Finance Board (the “*Local Finance Board*”) in the Department of Local Government Services of the State Department of Community Affairs;

WHEREAS, the Local Finance Board issued positive findings and approval in respect of the Local Finance Board Application at its meeting held on February 14, 2024;

WHEREAS, in order to market and sell the Series 2024 Bonds by negotiated sale the Authority shall have authorized (a) the distribution of a preliminary official statement “deemed final” within the meaning and for the purposes of Rule 15c2-12 describing the terms of the Series 2024 Bonds (the “*Preliminary Official Statement*”); (b) the execution and delivery of a bond purchase agreement (the “*Bond Purchase Agreement*”) with the Underwriter to purchase all or a portion of the Series 2024 Bonds; and (c) the execution and delivery of a final Official Statement incorporating the terms of the sale of the Series 2024 Bonds and certain other information into the Preliminary Official Statement (the “*Official Statement*”), and together with the Preliminary Official Statement, and the Bond Purchase Agreement, and any of the same or other offering or sale documents that may be required, the “*Sale Documents*”);

WHEREAS, in accordance with Section 13 (“*Section 13*”) of the Act (N.J.S.A. 40:37A-56), the Authority has heretofore made a detailed report regarding the Series 2024 Project to the Board of County Commissioners, consisting of the Local Finance Board Application, which includes, without limitation, descriptions of the Series 2024 Bonds, the Bond Resolution, the Loan Agreement, the County Security Document, the County Continuing Disclosure Agreement, the Corporation Continuing Disclosure Agreement, the County Guaranty, the Guaranty Agreement, this Subsidy and Deficiency Agreement and, to the extent available, the Sale Documents (collectively, the “*Financing Documents*”), and which report has been accepted by the County by resolution adopted by the Board of County Commissioners on February 27, 2024 pursuant to Section 13;

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements herein set forth and the respective undertakings of each party to the other, the Authority and the County, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

Section 1. Pursuant to the provisions of the Act and the County Guaranty ordinance, the County shall, and hereby agrees to fully, irrevocably, and unconditionally guarantee the punctual payment of the principal of (including sinking fund installments) and the interest on the Series 2024 Bonds. The full faith and credit of the County are hereby pledged for the full and punctual performance of the County Guaranty. Accordingly, the Commissioner-Director of the County shall, and hereby is, authorized and directed to execute and deliver the County Guaranty Certificate in the

Payments and Deficiency Payments made from time to time by the County;

WHEREAS, payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2024 Bonds, shall be secured by the Trust Estate (as defined in the Bond Resolution), including the above-referenced sources and any payments made from time to time by the County under the County Guaranty (the “*Guaranty Payments*”);

WHEREAS, pursuant to the Loan Agreement and the Bond Resolution, all revenues received by (or for the benefit of) the Corporation will be deposited with the Trustee and will thereupon be used to make Loan Repayments, pay the costs of operating and maintaining the Housing Project, provide necessary reserves, and reimburse the County for any and all Deficiency Payments and Guaranty Payments;

WHEREAS, to further secure the reimbursement of the Deficiency Payments and the Guaranty Payments, the Corporation will, simultaneously with the issuance and delivery of the Series 2024 Bonds, execute and deliver a Mortgage, Assignment of Leases and Rents, Security Agreement, Financing Statement, and Fixture Filing to be dated the date of issuance of the Series 2024 Bonds (the “*County Security Document*”), granting to the County a first lien mortgage on the Project Site and the Housing Project and a security interest in the Corporation’s personal property, accounts, rents and general intangibles, subject only to such lien (if any) as may be granted by the Corporation to the Authority or the Trustee to secure payment of the Loan Repayments, and assigning to the County all leases and proceeds thereof, subject only to such assignment (if any) as may be granted by the Corporation to the Authority or the Trustee to secure payment of the Loan Repayments;

WHEREAS, the County Security Document shall secure only the County, and shall not constitute security for the Series 2024 Bonds;

WHEREAS, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 of the U.S. Securities and Exchange Commission (“*Rule 15c2-12*”), the County will be required to enter into that certain County Continuing Disclosure Agreement dated the first day of the month of issuance of the Series 2024 Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*County Continuing Disclosure Agreement*”) with the dissemination agent named therein, in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the County Continuing Disclosure Agreement, the Authority shall (i) not be considered a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, and (ii) be required to provide certain material events notices in accordance with Rule 15c2-12, and accordingly, the Authority shall be required to provide such material events notices under the terms of the County Continuing Disclosure Agreement, all in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, the Corporation, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, shall be required to enter into that certain Corporation Continuing Disclosure Agreement dated the first day of the month of issuance of the Series 2024

form set forth in Section 14.01 of the Bond Resolution upon initial issuance of the Series 2024 Bonds, as part of each such Series 2024 Bond. This Guaranty Agreement shall not guaranty the payment of any redemption premium with respect to the Series 2024 Bonds. Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Bond Resolution.

Section 2. The Authority agrees to apply the proceeds derived from the sale of the Series 2024 Bonds to Costs associated with the Series 2024 Project, including payment of Costs of Issuance, Administrative Expenses and required reserves, if any, and such other matters as set forth in the Bond Resolution.

Section 3. The Authority will keep, or cause to be kept by the Trustee or otherwise, proper books of record and account in which complete and correct entries shall be made of its transactions relating to the Series 2024 Project and which, together with all other books and papers of the Authority, shall at all reasonable times be subject to inspection by the County.

Section 4. Attached hereto as **Exhibit A** is the following information required by the County in order to discharge its obligations under this Guaranty Agreement:

- (a) The date of issuance, the maturity dates, the principal amortization, the interest rate or rates, and the Trustee and Paying Agent for the Series 2024 Bonds.
- (b) The Loan Repayments and the Loan Repayment Dates.

Section 5. If, thirty (30) days prior to any Interest Payment Date or Principal Payment Date, the amounts that are on deposit in the Funds and Accounts established under the Bond Resolution and available for such payment are insufficient to provide for the payment of the principal of (including sinking fund payments, if any) and/or interest on the Series 2024 Bonds that are due and payable on such payment dates, the Trustee shall notify the County’s Chief Financial Officer on such day of the amounts that are necessary to provide for the payment of the principal of and/or interest on the Series 2024 Bonds (the “*Deficiency*”). If not paid pursuant to the Deficiency Agreement, the County shall be obligated to make payment of the Deficiency to the Trustee no later than one (1) Business Day prior to the Interest Payment Date or the Principal Payment Date, as applicable, of the Series 2024 Bonds. Notwithstanding any other provision of this Guaranty Agreement, failure by the Trustee to give the County notice as provided herein shall not relieve the County of its obligations to make payment under the terms of the County Guaranty.

Notwithstanding the foregoing provisions of this Section 5, upon the occurrence and continuance of the Deficiency one (1) Business Day prior to the Interest Payment Date or the Principal Payment Date, the County may, in its sole discretion determine to exercise its right to cause the defeasance of all or a portion of the Series 2024 Bonds, which defeasance is contemplated by Article XII of the Bond Resolution. In any such instance, the County may establish the defeasance date at any time, with written notice to the Authority and the Trustee and otherwise in accordance with the terms of the Bond Resolution. Nothing in this paragraph is intended to diminish the County’s rights to reimbursement, including those rights set forth in Section 7 hereof.

Section 6. Subject to Section 5 hereof, when notice has been provided, as described above, the County shall take all necessary actions to make payment of the Deficiency to the Trustee as provided above. Such actions shall include the adoption of an emergency appropriation or an emergency temporary appropriation and the funding of such appropriation in accordance with the requirements of the Local Budget Law (N.J.S.A. 40A:4A-1 *et seq.*), the levy of *ad valorem* taxes on all taxable property in the County, without limitation as to rate or amount, or any other actions that are legally permitted to be taken to meet the requirements of such County Guaranty (including the adoption of a bond ordinance pursuant to the provisions of the Local Bond Law).

Section 7. The Authority hereby covenants to the County that in the event the County Guaranty is called upon, the Authority shall be obligated and shall take all actions within its power (in accordance with the terms of the Act) so as to enable the County to be reimbursed, to the maximum extent practicable, up to the amount that shall have been paid by the County pursuant to the terms of this Guaranty Agreement (i.e., the Deficiency), at the earliest practicable date. The Authority shall not be obligated to pay the Deficiency from funds within its general control that are not contemplated by the Financing Documents; the Authority, shall, however, pay or cause the Deficiency to be paid from any past due Loan Repayments it receives from the Corporation.

Section 8. The obligations of the County under this Guaranty Agreement shall be full, absolute, irrevocable, and unconditional, and shall remain in full force and effect until the entire principal of (including Sinking Fund Installments, if any) and interest on the Series 2024 Bonds shall have been paid or duly provided for in accordance with the provisions of the Bond Resolution. The County Guaranty is a guaranty of payment and not of collectability. The obligations of the County hereunder shall not be affected, modified or impaired upon the occurrence from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, the County:

- (a) The waiver, compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority which are contained in the Bond Resolution and any other Financing Document, or of the payment, performance or observance thereof;
- (b) The failure to give notice to the County of the occurrence of an event of default under the provisions of this Guaranty Agreement;
- (c) The transfer, assignment or mortgaging or the purported transfer, assignment or mortgaging of all or any part of the interest or security interest of the Authority in the Housing Project;
- (d) The extension of the time for payment of the principal of or interest on the Series 2024 Bonds or of the time for performance of any obligations, covenants or agreements under or arising out of the Financing Documents;
- (e) The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Financing Documents;

party with respect to such security. All moneys recovered pursuant to this Guaranty Agreement shall be applied in accordance with the provisions of the Bond Resolution.

Section 12. The County hereby acknowledges that it is an "obligated person", as such term is defined in Rule 15c2-12, in respect of the Series 2024 Bonds, and the preparation, negotiation, execution and delivery of the County Continuing Disclosure Agreement in accordance with Rule 15c2-12 is hereby approved in the form attached as **Exhibit B** hereto, and the Commissioner-Director of the County is hereby authorized to execute the County Continuing Disclosure Agreement and to deliver the same to the Trustee and the Authority. The Commissioner-Director is hereby authorized and directed to execute and deliver such other documents, certificates and agreements required to be delivered by the County under the County Continuing Disclosure Agreement, and the Clerk of the Board of County Commissioners of the County is hereby authorized and directed to attest and affix the seal of the County to any such document, certificate or agreement, if necessary.

Section 13. This Guaranty Agreement shall terminate after (a) payment in full of the principal of and interest on all Series 2024 Bonds have been made, or provision for the payment of same has been made in accordance with the terms of the Bond Resolution, including without limitation Article XII thereof, provided, however, this Guaranty Agreement shall survive if payment of principal and interest is made pursuant to Section 10 hereof and (b) the County shall have been fully reimbursed for any payments made by it, if any, under the County Guaranty.

Section 14. This Guaranty Agreement may be executed in any number of counterparts, each of which shall be executed by the Authority and by the County and all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same. This Guaranty Agreement shall be governed by the laws of the State.

Section 15. The County hereby acknowledges and consents to the irrevocable assignment of the right of the Authority to receive payments from the County under the provisions of the County Guaranty by the Authority to the Trustee for the benefit of the holders of the Series 2024 Bonds, as and to the extent provided in the Bond Resolution.

Section 16. Notwithstanding anything contained herein to the contrary, in the event that the form of government is changed so that there is no longer a Chief Financial Officer of the County, any notices contemplated hereunder shall be provided to and any actions contemplated to be taken hereunder shall be taken by the chief executive officer of the County.

(f) The taking, suffering or the omission of any of the actions referred to in the Bond Resolution or of any actions under this Guaranty Agreement;

(g) Any failure, omission, delay or lack on the part of the Authority to enforce, assert or exercise any right, power or remedy conferred on the Authority in this Guaranty Agreement, the Bond Resolution or any other act or acts on the part of the Authority or any of the holders from time to time of the Series 2024 Bonds;

(h) The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment or other similar proceedings affecting the Authority or the Corporation or any assets of any of them, or any allegation or contest of the validity of the County Guaranty, the Loan Agreement or the Bond Resolution;

(i) To the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the County from the performance or observance of any obligation, covenant or agreement contained in this Guaranty Agreement; or

(j) The default or failure of the County fully to perform any of its obligations set forth in this Guaranty Agreement.

Section 9. No set-off, counterclaim, reduction, recoupment, or diminution of any obligation, or any defense of any kind or nature (other than full and timely performance by the County of its obligations hereunder) which the County has or may have against the Authority, the Corporation, the Trustee, or against any holder of the Series 2024 Bonds, shall be available to the County hereunder against the Authority, the Corporation, the Trustee, or against any holder of the Series 2024 Bonds or anyone succeeding to the respective interests thereof.

Section 10. The County further guarantees that all payments made with respect to the Series 2024 Bonds, when made, will be final and agrees that if such payment is recovered from or repaid by or on behalf of the Authority or the holders of the Series 2024 Bonds in whole or in part in any bankruptcy, insolvency or similar proceeding instituted by or against the Authority or the Corporation, the County Guaranty shall continue to be fully applicable to such liabilities to the same extent as though the payment so recovered or repaid had never been originally made on such liabilities.

Section 11. In the event of a default in payment of the principal of or interest on the Series 2024 Bonds when and as the same shall become due, whether at the stated maturity thereof or otherwise, the Authority, the Trustee or any party to whom the Authority's or the Trustee's rights have been assigned may proceed to enforce their rights hereunder and may proceed first and directly against the County under the terms of this Guaranty Agreement without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Authority or the Trustee. In any such event, the County shall be subrogated to the rights of such

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their respective officers thereunto duly authorized and this agreement to be dated as of the date and the year first above written.

<p>ATTEST:</p> <p>By: _____ Michael R. F. Bradley Secretary</p>	<p>THE PASSAIC COUNTY IMPROVEMENT AUTHORITY</p> <p>By: _____ Dennis Marco Chairman</p>
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<p>ATTEST:</p> <p>By: _____ Louis E. Imhoff, III Clerk, Board of County Commissioners</p>	<p>COUNTY OF PASSAIC, NEW JERSEY</p> <p>By: _____ John W. Bartlett, Esq. Commissioner-Director</p>
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EXHIBIT A

Pricing Information with respect to the Series 2024 Bonds

1. Dated Date, Issuance Date and Date of Authentication of Series 2024 Bonds:

Dated Date: November 1, 2024
Issuance Date: November __, 2024
Date of Authentication: November __, 2024

2. Paying Agent and Trustee for Series 2024 Bonds:

Manufacturers and Traders Trust Company

3. Amortization, including Sinking Fund Installments, and Interest Rates of Series 2024 Bonds:

See 4 below.

[Remainder of page intentionally left blank]

A-1

4. Scheduled debt service payments for Series 2024 Bonds, including Sinking Fund Installments:

Date Principal Interest Total

5. Loan Repayments and Loan Repayment Dates relating to the Series 2024 Bonds:

Date Principal Interest Total

A-2

EXHIBIT B

[Attach Form of County Continuing Disclosure Agreement]

B-1

APPENDIX E

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement" or "Agreement") is made on this ___ day of November, 2024 by and between the County of Passaic, State of New Jersey ("County") and Digital Assurance Certification, L.L.C. ("Dissemination Agent"), in connection with the issuance and sale by the Passaic County Improvement Authority ("Authority") of its \$_____ aggregate principal amount of County Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 ("Bonds").

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution, dated as of March 27, 2024 (the "Bond Resolution"), with the Authority, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, capitalized terms shall have the following meanings:

"Annual Report" shall mean the County's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"EMMA" shall mean the Electronic Municipal Market Access system, a website created by the MSRB and approved by the SEC to provide a central location where investors can obtain municipal bond information including disclosure documents. The County or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term "*Financial Obligation*" shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the County.

"State" shall mean the State of New Jersey.

"Underwriter(s)" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

"Tax-Exempt", when used with respect to the Bonds, shall mean that interest on the Bonds is excluded from the gross income of the Bondholders for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

SECTION 3. Provision of Annual Report.

(a) The County shall, on or prior to October 1 after the end of its fiscal year (currently December 31) for each fiscal year, commencing October 1, 2025 until termination of the County's reporting obligations under this Agreement pursuant to the provisions of Section 6 hereof, provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the County (commencing for the fiscal year ending December 31, 2024). Each Annual Report provided to the Dissemination Agent by the County shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to EMMA.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the County, shall submit each Annual Report received by it to EMMA and thereafter shall file a written report with the County certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided to EMMA.

(c) If the County fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the County advising of such failure. Whether or not such notice is given or received, if the County thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice to EMMA in substantially the form attached as Exhibit "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) certain financial information and operating data of the County consisting of (a) County indebtedness; (b) property valuation information; and (c) tax rate and levy and collection data; and (ii) the County's annual financial statements, audited by

an independent certified public accountant, provided that the annual audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the County are included in the Annual Report. Each audited annual financial statements will conform to accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than generally accepted accounting principles, as such principles, standards and requirements exist at the time of the filing of the particular annual financial statements.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events with respect to the Bonds ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the County;

Note to Section 5(a)(12): For the purposes of the event identified in Section 5(a)(12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has

assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

- (13) The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
- (15) Incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

(b) The County shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the County may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the County to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the County, but in no event shall such Listed Event be reported to EMMA later than ten (10) business days after the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligations. The reporting obligations of the County and the Dissemination Agent under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the County is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver (supported by an Opinion of Counsel) is: (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of Bondholders. The County shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with EMMA.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Prior Compliance with the Rule. The County has entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. The County has engaged the services of Digital Assurance Certification, L.L.C. to assist with the County's continuing disclosure obligations.

SECTION 10. Default and Remedies. In the event of a failure of the County to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least 25% aggregate principal amount of Outstanding Bonds, and after provision of satisfactory indemnification in accordance with the [Bond Resolution], shall), or any beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the [Bond Resolution] and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Dissemination Agent and the Bondholders, and each

Bondholder is hereby declared to be a third party beneficiary of this Disclosure Agreement. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

SECTION 12. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the County:

County of Passaic
401 Grand Street (Room 439)
Paterson, New Jersey 07505
Attention: Director of Finance

(ii) If to the Dissemination Agent:

Digital Assurance Certification, L.L.C.
315 East Robinson Street, Suite 300
Orlando, FL 32801
Attn: Shana Blanchard

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section for the giving of notice.

SECTION 13. Compensation. The County shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 14. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 15. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the

County or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 16. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 17. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

COUNTY OF PASSAIC

By: _____
Name:
Title:

**DIGITAL ASSURANCE
CERTIFICATION, L.L.C.,
as Dissemination Agent**

By: _____
Name:
Title:

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Passaic County Improvement Authority

Name of Bond Issue Affected: Passaic County Improvement Authority - County Guaranteed Revenue Bonds (Senior Housing Project), Series 2024

Date of Issuance of Affected Bond Issue: November 26, 2024

NOTICE IS HEREBY GIVEN that the County of Passaic, in the State of New Jersey ("County") has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated November 26, 2024, between the County and the Dissemination Agent. - The County anticipates that such Annual Report will be filed by

Dated: DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

cc: County of Passaic, New Jersey
Digital Assurance Certification, L.L.C.
229588120 v2

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement" or "Agreement") is made on this ___ day of November, 2024 by and between the Passaic County Improvement Authority ("Authority"), and Digital Assurance Certification, L.L.C. ("Dissemination Agent"), in connection with the issuance and sale by the Authority of its \$_____ aggregate principal amount of County Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 ("Bonds").

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution, dated as of March 27, 2024 (the "Bond Resolution"), with the Authority, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, capitalized terms shall have the following meanings:

"EMMA" shall mean the Electronic Municipal Market Access system, a website created by the MSRB and approved by the SEC to provide a central location where investors can obtain municipal bond information including disclosure documents. The Authority or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term "*Financial Obligation*" shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the Authority.

"State" shall mean the State of New Jersey.

"Tax-Exempt", when used with respect to the Bonds, shall mean that interest on the Bonds is excluded from the gross income of the Bondholders for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

SECTION 3. Reporting of Significant Events.

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following Listed Events with respect to the Bonds ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes; and
- (12) Bankruptcy, insolvency, receivership or similar event of the Authority;

Note to Section 5(a)(12): For the purposes of the event identified in Section 5(a)(12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation

- by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority;
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
 - (15) Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and
 - (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

(b) The Authority shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 3. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 3, the Authority may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Authority, but in no event shall such Listed Event be reported to EMMA later than ten (10) business days after the occurrence of such Listed Event.

SECTION 4. Termination of Reporting Obligations. The reporting obligations of the Authority and the Dissemination Agent under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Authority is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 5. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver (supported by an Opinion of Counsel) is: (a) made in connection with a change in circumstances that arises from a change in

legal requirements, change in law, or change in the identity, nature, or status of the Authority, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of Bondholders, as determined either by parties unaffiliated with the Authority or as approved by a vote of the beneficial owners of the Bonds pursuant to the terms of the [Bond Resolution] at the time of the amendment. The Authority shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with EMMA.

SECTION 6. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any notice or occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 7. Prior Compliance with the Rule. The Authority has entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. The Authority has engaged the services of Digital Assurance Certification, L.L.C. to assist with the Authority's continuing disclosure obligations.

SECTION 8. Default and Remedies. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least 25% aggregate principal amount of Outstanding Bonds, and after provision of satisfactory indemnification in accordance with the [Bond Resolution], shall), or any beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the [Bond Resolution] and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 9. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Dissemination Agent and the Bondholders, and each Bondholder is hereby declared to be a third party beneficiary of this Disclosure Agreement. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Authority:

Passaic County Improvement Authority
401 Grand Street, Room 417
Paterson, New Jersey 07505
Attention: Chairman

(ii) If to the Dissemination Agent:

Digital Assurance Certification, L.L.C.
315 East Robinson Street, Suite 300
Orlando, FL 32801
Attn: Shana Blanchard

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section for the giving of notice.

SECTION 11. Compensation. The Authority shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 13. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Authority or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed

or not.

SECTION 14. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 15. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

**PASSAIC COUNTY IMPROVEMENT
AUTHORITY**

By: _____
Name:
Title:

**DIGITAL ASSURANCE CERTIFICATION,
L.L.C.
as Dissemination Agent**

By: _____
Name:
Title:

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement" or "Agreement") is made on this 14th day of November, 2024 by and between Passaic County Affordable Housing Corporation (the "Corporation"), and Digital Assurance Certification, L.L.C. ("Dissemination Agent"), in connection with the issuance and sale by the Passaic County Improvement Authority ("Authority") of its \$ _____ aggregate principal amount of County Guaranteed Revenue Bonds (Senior Housing Project), Series 2024 ("Bonds").

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution, dated as of March 27, 2024 (the "Bond Resolution"), with the Authority, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, capitalized terms shall have the following meanings:

"Annual Report" shall mean the Corporation's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"EMMA" shall mean the Electronic Municipal Market Access system, a website created by the MSRB and approved by the SEC to provide a central location where investors can obtain municipal bond information including disclosure documents. The Corporation or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term "*Financial Obligation*" shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the Corporation.

"State" shall mean the State of New Jersey.

"Underwriter(s)" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

"Tax-Exempt", when used with respect to the Bonds, shall mean that interest on the Bonds is excluded from the gross income of the Bondholders for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

SECTION 3. Provision of Annual Report.

(a) the Corporation shall, on or prior to October 1 after the end of its fiscal year (currently December 31) for each fiscal year, commencing October 1, 2028 until termination of the Corporation's reporting obligations under this Agreement pursuant to the provisions of Section 6 hereof, provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Corporation (commencing for the fiscal year ending December 31, 2027). Each Annual Report provided to the Dissemination Agent by the Corporation shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to EMMA.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Corporation, shall submit each Annual Report received by it to EMMA and thereafter shall file a written report with the Corporation certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided to EMMA.

(c) If the Corporation fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Corporation advising of such failure. Whether or not such notice is given or received, if the Corporation thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice to EMMA in substantially the form attached as Exhibit "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: the certified audited financial statements of the Corporation for the prior fiscal year, including income statement, balance sheet, and cash flows of operations of the Project, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. The Corporation shall also include in each Annual Report the Project's current occupancy levels, current monthly rental rates and the current expenditures for monthly maintenance, taxes and property insurance together with updates of any material information about the Corporation or the Project contained in the Final Official Statement.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events with respect to the Bonds ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes; and
- (12) Bankruptcy, insolvency, receivership or similar event of the Corporation;

Note to Section 5(a)(12): For the purposes of the event identified in Section 5(a)(12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation;

- (13) The consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;

- (15) Incurrence of a Financial Obligation of the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Corporation person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Corporation, any of which reflect financial difficulties.

(b) the Corporation shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the Corporation may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Corporation to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Corporation, but in no event shall such Listed Event be reported to EMMA later than ten (10) business days after the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligations. The reporting obligations of the Corporation and the Dissemination Agent under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Corporation is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Corporation and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver (supported by an Opinion of Counsel) is: (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Corporation, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of Bondholders, as determined either by parties unaffiliated with the Corporation or as approved by a vote of the beneficial owners of the Bonds pursuant to the terms of the [Bond Resolution] at the time of the amendment. The Corporation shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with EMMA.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of

communication, or including any other information in any Annual Report or notice or occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Corporation chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Prior Compliance with the Rule. The Corporation has no outstanding debt issues and therefore has no existing undertakings to provide continuing disclosure.

SECTION 10. Default and Remedies. In the event of a failure of the Corporation to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least 25% aggregate principal amount of Outstanding Bonds, and after provision of satisfactory indemnification in accordance with the [Bond Resolution], shall), or any beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Corporation to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the [Bond Resolution] and the sole remedy under this Disclosure Agreement in the event of any failure of the Corporation to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Corporation, the Dissemination Agent and the Bondholders, and each Bondholder is hereby declared to be a third party beneficiary of this Disclosure Agreement. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

SECTION 12. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

- (i) If to the Corporation:
Passaic County Affordable Housing Corporation
c/o Passaic County Public Housing Agency
15 Willowbrook Boulevard, Suite 100
Wayne, New Jersey 07470
- (ii) If to the Dissemination Agent:

Digital Assurance Certification, L.L.C.

315 East Robinson Street, Suite 300
Orlando, FL 32801
Attn: Shana Blanchard

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section for the giving of notice.

SECTION 13. Compensation. The Corporation shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 15. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Corporation or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 16. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 17. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

PASSAIC COUNTY AFFORDABLE HOUSING CORPORATION

By: _____
Name:
Title:

**DIGITAL ASSURANCE CERTIFICATION,
L.L.C., as Dissemination Agent**

By: _____
Name:
Title:

—
EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Passaic County Improvement Authority

Name of Bond Issue Affected: Passaic County Improvement Authority – County Guaranteed Revenue Bonds (Senior Housing Project), Series 2024

Date of Issuance of Affected Bond Issue: November 26, 2024

NOTICE IS HEREBY GIVEN that Passaic County Affordable Housing Corporation ("the Corporation") has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated November 26, 2024, between the Corporation and the Dissemination Agent. The Corporation anticipates that such Annual Report will be filed by _____.]

Dated: DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

cc: Passaic County Affordable Housing Corporation
Digital Assurance Certification, L.L.C.
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