

**THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**

**RESOLUTION NO. 2017-52**

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**RESOLUTION OF THE CARNEYS POINT TOWNSHIP  
SEWERAGE AUTHORITY EXPRESSING ITS INTENTION  
TO REIMBURSE ITSELF FOR CERTAIN EXPENDITURES  
RELATING TO THE AUTHORITY'S CAPITAL  
IMPROVEMENT PROGRAM OUT OF THE PROCEEDS OF  
BONDS OR OTHER OBLIGATIONS TO BE HEREAFTER  
ISSUED BY THE AUTHORITY IN CONNECTION WITH ITS  
PARTICIPATION IN THE 2018 NEW JERSEY  
ENVIRONMENTAL INFRASTRUCTURE TRUST  
FINANCING PROGRAM**

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**BACKGROUND**

**WHEREAS**, The Carneys Point Township Sewerage Authority ("Authority") is a public body corporate and politic organized and existing pursuant to the Sewerage Authorities Law of New Jersey, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State of New Jersey, and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40:14A-1 et seq.) ("Act") and created by virtue of an ordinance of the governing body of the Township of Carneys Point, New Jersey ("Township") duly adopted on March 4, 1959; and

**WHEREAS**, the Authority is the owner and operator of sewerage facilities ("System"); and

**WHEREAS**, the Authority has determined to undertake a capital improvement project consisting of: (i) elimination of the Lafayette Road Pump Station and installation of a gravity sewer; and (ii) installation of a ultra violet disinfection system, all as more particularly described in the information prepared in connection therewith by the Authority's Consulting Engineer, on file and available for inspection in the offices of the Authority (collectively, the "Project"); and

**WHEREAS**, the Authority intends to incur expenditures for the costs of engineering, obtaining various permits and approvals, and preparation, design, planning, acquisition and installation of the Project including, without limitation, expenditures to certain of its consultants, engineers, attorneys and others for services rendered in connection with the Project (collectively, the "Project Costs"); and

**WHEREAS**, the Authority intends to pay such expenditures using temporarily available funds in anticipation of reimbursing such expenditures from the proceeds of bonds or other obligations hereafter issued by the Authority in the aggregate principal amount of up to \$2,800,000 ("Project Debt Obligations"); and

**WHEREAS**, the Authority reasonably anticipates that obligations, the interest on which is excluded from gross income under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), will be issued by the New Jersey Environmental Infrastructure Trust ("Issuer") to finance the Project on a long-term basis by making a loan to the Borrower with the proceeds of the Issuer's obligations ("Project Bonds"); and

**WHEREAS**, in accordance with the requirements of the Internal Revenue Code of 1986, as amended ("Code"), and the regulations promulgated thereunder including, without limitation, Income Tax Regulation §1.150-2(e), the Authority now desires to express its intention to reimburse itself for such expenditures out of the proceeds of the Project Debt Obligations.

**NOW, THEREFORE, BE IT RESOLVED BY THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY AND THE MEMBERS THEREOF, AS FOLLOWS:**

**Section 1.** The Authority hereby declares its reasonable expectation to reimburse the expenditures paid by the Authority to pay the Project Costs prior to the date of issuance of the Project Debt Obligations including, without limitation, expenditures to certain of its consultants, engineers, attorneys and others for services rendered in connection with the Project, out of the proceeds of the Project Debt Obligations which are to be issued by the Authority after the date of this Resolution.

**Section 2.** This Resolution is intended to be and hereby is a declaration of the Borrower's official intent to reimburse the expenditure of Project Costs paid prior to the issuance of the Project Debt Obligations with the proceeds of a borrowing to be incurred by the Borrower, in accordance with Treasury Regulations §150-2.

**Section 3.** The maximum principal amount of the Project Debt Obligations expected to be issued to finance the Project is \$2,800,000.

**Section 4.** The Project Costs to be reimbursed with the proceeds of the Project Debt Obligations will be "capital expenditures" in accordance with the meaning of Section 150 of the Code.

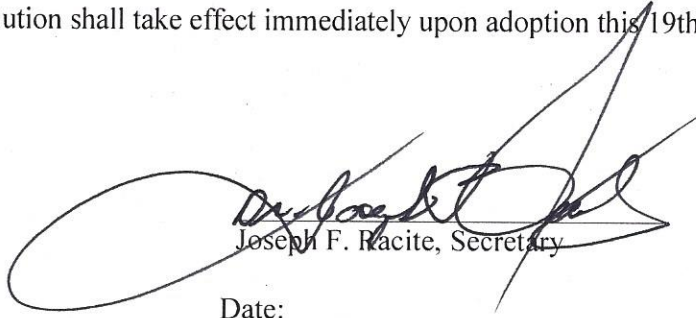
**Section 5.** No reimbursement allocation will employ an "abusive arbitrage device" under Treasury Regulations §1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147, inclusive, of the Code. The proceeds of the Project Bonds used to reimburse the Borrower for Project Costs, or funds corresponding to such amounts, will not be used in a manner that results in the creation of "replacement proceeds", including "sinking funds", "pledged funds" or funds subject to a "negative pledge" (as such terms are defined in Treasury Regulations §1.148-1), of the Project Debt Obligations or another issue of debt obligations of the Borrower, other than amounts deposited into a "bona fide debt service fund" (as defined in Treasury Regulations §1.148-1).

**Section 6.** All reimbursement allocations will occur not later than 18 months after the later of (i) the date the expenditure from a source other than the Project Debt Obligations is paid, or

(ii) the date the Project is "placed in service" (within the meaning of Treasury Regulations §1.150-2) or abandoned, but in no event more than 3 years after the expenditure is paid.

**Section 7.** This Resolution is to be retained by the Authority and made publicly available for inspection at the offices of the Authority from the date hereof through the date of issuance of the Project Debt Obligations.

**Section 8.** This Resolution shall take effect immediately upon adoption this 19th day of December, 2017.

  
 Joseph F. Racite, Secretary  
 Date: \_\_\_\_\_

Committee	Moved	Seconded	Y	N	Abstain	Absent
Dr. Racite		X				
Mr. Pelura						X
Mr. Gatanis	X					
Mr. Newton						X
Mr. Rullo			X			