

## REPRESENTATIONS AND COVENANTS OF BORROWER

**SECTION 1.01 Representations of Borrower.** The Borrower represents for the benefit of the I-Bank as follows:

(a) Organization and Authority.

(i) The Borrower is a Local Government Unit duly created and validly existing under and pursuant to the Constitution and statutes of the State.

(ii) The officers or officials of the Borrower who are contemporaneously herewith performing or have previously performed any action contemplated in this Loan Agreement either are or, at the time any such action was performed, were the duly appointed or elected officers or officials of such Borrower empowered by applicable State law and, if applicable, authorized by ordinance or resolution of the Borrower to perform such actions. To the extent any such action was performed by an officer or official no longer the duly acting officer or official of such Borrower, all such actions previously taken by such officer or official remain in full force and effect.

(iii) The Borrower has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain the Project, to carry on its activities relating thereto, to execute, attest and deliver this Loan Agreement and the Borrower Bond, to sell the Borrower Bond to the I-Bank, to undertake and complete the Project and to carry out and consummate all transactions contemplated by this Loan Agreement.

(iv) The proceedings of the Borrower's governing body approving this Loan Agreement and the Borrower Bond, authorizing the execution, attestation and delivery of this Loan Agreement and the Borrower Bond, authorizing the sale of the Borrower Bond to the I-Bank and authorizing the Borrower to undertake and complete the Project (collectively, the "Proceedings") were duly published in accordance with all applicable State law, and have been duly and lawfully adopted in accordance with the Borrower Enabling Act and other applicable State law at a meeting or meetings that were duly called pursuant to required public notice and held in accordance with applicable State law and at which quorums were present and acting throughout.

(v) By official action of the Borrower taken prior to or concurrent with the execution and delivery hereof, including, without limitation, the Proceedings, the Borrower has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the execution, attestation, delivery and performance of this Loan Agreement and the transactions contemplated hereby; (B) the issuance of the Borrower Bond and the sale thereof to the I-Bank upon the terms set forth herein; (C) if applicable, the approval of the inclusion, if such inclusion is deemed necessary in the sole discretion of the I-Bank, in the Preliminary Official Statement and the Official Statement of all statements and information relating to the Borrower set forth in the applicable Appendix or Appendices thereto (the "Borrower Appendices") and any amendment thereof or supplement thereto; and (D) the execution, delivery and due performance of any and all other certificates, agreements and instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out, give effect to and consummate the transactions contemplated by this Loan Agreement, including, without limitation and if applicable, the designation of the Borrower Appendices portion of the Preliminary Official Statement, if any, as "deemed final" for the purposes and within the meaning of Rule 15c2-12.

(vi) This Loan Agreement and the Borrower Bond have each been duly authorized by the Borrower and duly executed, attested and delivered by Authorized Officers of the Borrower, and the Borrower

Bond has been duly sold by the Borrower to the I-Bank and duly issued by the Borrower; and assuming that the I-Bank has all the requisite power and authority to authorize, execute, attest and deliver, and has duly authorized, executed, attested and delivered, this Loan Agreement, and assuming further that this Loan Agreement is the legal, valid and binding obligation of the I-Bank, enforceable against the I-Bank in accordance with its terms, each of this Loan Agreement and the Borrower Bond constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors' rights; and

(vii) and the information contained under "Description of Loan" in Exhibit A-2 attached hereto and made a part hereof is true and accurate in all respects.

(b) Full Disclosure. There is no fact that the Borrower has not disclosed to the I-Bank in writing on the Borrower's application for the Loan or otherwise that materially adversely affects or (so far as the Borrower can now foresee) that will materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the Project, or the ability of the Borrower to make all Loan Repayments and any other payments required under this Loan Agreement or otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect (i) the undertaking or completion of the Project, (ii) the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the Project, (iii) the ability of the Borrower to make all Loan Repayments or any other payments required under this Loan Agreement, (iv) the authorization, execution, attestation or delivery of this Loan Agreement or the Borrower Bond, (v) the issuance of the Borrower Bond and the sale thereof to the I-Bank, or (vi) the Borrower's ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond, which proceedings have not been previously disclosed in writing to the I-Bank either in the Borrower's application for the Loan or otherwise.

(d) Compliance with Existing Laws and Agreements. (i) The authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond by the Borrower and the sale of the Borrower Bond to the I-Bank, (ii) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder and under the Borrower Bond, (iii) the consummation of the transactions provided for in this Loan Agreement and the Borrower Bond, and (iv) the undertaking and completion of the Project will not (A) other than the lien, charge or encumbrance created hereby, by the Borrower Bond and by any other outstanding debt obligations of the Borrower that are at parity with the Borrower Bond as to lien on, and source and security for payment thereon from, the general tax revenues of the Borrower, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, the Project or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, the Project or its properties or operations is subject.

(e) No Defaults. No event has occurred and no condition exists that, upon the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, the sale of the Borrower Bond to the I-Bank or the receipt of the amount of the Loan, would constitute an Event of Default hereunder. The Borrower is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other

instrument to which it is a party or by which it, the Project or its properties may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the Project or the ability of the Borrower to make all Loan Repayments, to pay all other amounts due hereunder or otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(f) Governmental Consent. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond; (i) for the sale of the Borrower Bond to the I-Bank; (ii) for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond; and (iii) for the undertaking or completion of the Project and the financing or refinancing thereof, including, but not limited to, the approval by DLGS with respect to the issuance by the Borrower of the Borrower Bond to the I-Bank, as required by Section 9a of the Act, and any other approvals required therefor by DLGS. The Borrower has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond or with the undertaking or completion of the Project and the financing or refinancing thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental body or officer that has not been obtained is required on the part of the Borrower as a condition to the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, the sale of the Borrower Bond to the I-Bank, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

(g) Compliance with Law. The Borrower:

(i) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, the failure to comply with which would materially adversely affect (A) the ability of the Borrower to conduct its activities or to undertake or complete the Project, (B) the ability of the Borrower to make the Loan Repayments and to pay all other amounts due hereunder, or (C) the condition (financial or otherwise) of the Borrower or the Project; and

(ii) has obtained all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its properties or for the conduct of its activities that, if not obtained, would materially adversely affect (A) the ability of the Borrower to conduct its activities or to undertake or complete the Project, (B) the ability of the Borrower to make the Loan Repayments and to pay all other amounts due hereunder, or (C) the condition (financial or otherwise) of the Borrower or the Project.

(h) Use of Proceeds. The Borrower will apply the proceeds of the Loan from the I- Bank as described in Exhibit B attached hereto and made a part hereof (i) to finance or refinance all or a portion of the Costs of the Borrower's Project; and (ii) where applicable, to reimburse the Borrower for a portion of the Costs of the Borrower's Project, which portion was paid or incurred in anticipation of reimbursement by the I-Bank from proceeds of the Loan and is eligible for such reimbursement under and pursuant to the Regulations, the Code and any other applicable law. All of such costs constitute Costs for which the I-Bank is authorized to make Loans to the Borrower pursuant to the Act and the Regulations.

(i) Preliminary Official Statement. As of the date of the Preliminary Official Statement, if any, the descriptions and information set forth in the Borrower Appendices, if any, to be contained in the Preliminary Official Statement provided by and relating to the Borrower, its operations and the transactions contemplated hereby (1) will be "deemed final" by the Borrower for the purposes and within the meaning of Rule 15c2-12 and (2) will be true and correct in all material respects, and will not contain any untrue statement of a material fact or

omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(j) Official Statement. The descriptions and information set forth in the Borrower Appendices, if any, to be contained in the Official Statement, if any, provided by and relating to the Borrower, its operations and the transactions contemplated hereby, as of the date of the Official Statement, will be and, as of the date of delivery hereof, will be true and correct in all material respects, and will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

## **SECTION 1.02 Particular Covenants of Borrower.**

(a) Full Faith and Credit Pledge. The Borrower unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of the principal and redemption premium, if any, of the Borrower Bond, the Interest on the Borrower Bond and all other amounts due under the Borrower Bond, which Borrower Bond shall secure the Loan Repayments and all other amounts due under this Loan Agreement according to its terms. The Borrower acknowledges that to assure the continued operation and solvency of the I-Bank, the I-Bank may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the I-Bank in full any Loan Repayments, an amount sufficient to satisfy such deficiency shall be paid by the New Jersey State Treasurer to the I-Bank from State-aid otherwise payable to the Borrower.

(b) Performance Under Loan Agreement; Credit Rating; The Borrower covenants and agrees (i) to comply with all applicable State and federal laws, rules and regulations in the performance of this Loan Agreement; (ii) to maintain the Project in good repair and condition; and (iii) to cooperate with the I-Bank in the observance and performance of the respective duties, covenants, obligations and agreements of the Borrower and the I-Bank under this Loan Agreement; and (iv) to maintain a Credit Rating from a NRRRA, which Credit Rating may be a non-public, indicative Credit Rating, (all pursuant to, and as such terms are defined in, the "Credit Policy" of the I-Bank as in effect from time to time) for as long as the remaining aggregate outstanding principal amount of the Borrower Bond and all other bonds issued by the Borrower to the I-Bank is greater than \$2,000,000.

(c) Completion of Project and Provision of Moneys Therefor. The Borrower covenants and agrees (i) to exercise its best efforts in accordance with prudent practice to complete the Project and to accomplish such completion on or before the estimated Project Completion Date set forth in Schedule A hereto and made a part hereof; (ii) to comply with the terms and provisions contained in Exhibit G hereto; and (iii) to provide from its own fiscal resources all moneys, in excess of the total amount of loan proceeds it receives under the Loan required to complete the Project.

(d) Disposition of Project. The Borrower shall not sell, lease, abandon or otherwise dispose of all or substantially all of the Project except on ninety (90) days prior written notice to the I-Bank, and, in any event, shall not so sell, lease, abandon or otherwise dispose of the same unless the following conditions are met: (i) the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and thereunder to the purchaser or lessee of the Project, and such purchaser or lessee shall assume all duties, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond; and (ii) the I-Bank shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not materially adversely affect (A) the I-Bank's ability to meet its duties, covenants, obligations and agreements under the Bond Indenture, (B) the value of this Loan Agreement or the Borrower Bond as security for the payment of I-Bank Bonds and the interest thereon, or (C) the excludability from gross income for federal income tax purposes of the interest on I-Bank Bonds then outstanding or that could be issued in the future. Otherwise, the Borrower shall prepay the Borrower Bond in its entirety prior to any such sale, lease, abandonment, or other disposition of all or substantially all of the Project.

(e) Exclusion of Interest from Federal Gross Income and Compliance with Code.

For purposes of this subsection, quoted terms shall have the meanings given thereto by Section 148 of the Code, Treasury Regulations §§1.148-1 through 1.148-11, inclusive, and Treasury Regulations §1.150-1, all as may be supplemented or amended, to the extent applicable to the I-Bank Bonds, and any successor Treasury Regulations applicable to the I-Bank Bonds.

(i) The Borrower covenants and agrees that it shall not take any action or omit to take any action that would result in the loss of the exclusion of the interest on any I-Bank Bonds now or hereafter issued from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Code.

(ii) The Borrower shall not take any action or omit to take any action that would cause its Borrower Bond or the I-Bank Bonds (assuming solely for this purpose that the proceeds of the I-Bank Bonds loaned to the Borrower represent all of the proceeds of the I-Bank Bonds) to be “private activity bonds” within the meaning of Section 141(a) of the Code. Accordingly, unless the Borrower receives the prior written approval of the I-Bank, the Borrower shall not (A) permit any of the proceeds of the I-Bank Bonds loaned to the Borrower or the Project financed or refinanced with the proceeds of the I-Bank Bonds loaned to the Borrower to be used (directly or indirectly) in any manner that would constitute “private business use” within the meaning of Section 141(b)(6) of the Code, (B) use (directly or indirectly) any of the proceeds of the I-Bank Bonds loaned to the Borrower to make or finance loans to persons other than “governmental units” (as such term is used in Section 141(c) of the Code), or (C) use (directly or indirectly) any of the proceeds of the I-Bank Bonds loaned to the Borrower to acquire any “nongovernmental output property” within the meaning of Section 141(d)(2) of the Code.

(iii) The Borrower shall not take any action or omit to take any action, and shall not directly or indirectly use or permit the use of any proceeds of the I-Bank Bonds (or amounts replaced with such proceeds) or any other funds, if such action, omission, or use would cause the I-Bank Bonds (assuming solely for this purpose that the proceeds of the I-Bank Bonds loaned to the Borrower represent all of the proceeds of the I-Bank Bonds) to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

(iv) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the I-Bank Bonds to pay the principal of or the interest or redemption premium on or any other amount in connection with the retirement or redemption of any issue of state or local governmental obligations (“refinancing of indebtedness”), unless the Borrower shall (A) establish to the satisfaction of the I-Bank, prior to the issuance of the I-Bank Bonds, that such refinancing of indebtedness will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the I-Bank Bonds, and (B) provide to the I-Bank, at the Borrower’s sole cost and expense, an opinion of Bond Counsel to that effect in form and substance satisfactory to the I-Bank, upon which the I-Bank may rely.

(v) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the I-Bank Bonds to reimburse the Borrower for an expenditure with respect to Costs of the Project paid by the Borrower prior to the issuance of the I-Bank Bonds, unless (A) the allocation by the Borrower of the proceeds of the I-Bank Bonds to reimburse such expenditure complies with the requirements of Treasury Regulations §1.150-2 that are necessary in order to enable the reimbursement allocation to be treated as an expenditure of the proceeds of the I-Bank Bonds for purposes of applying Sections 103 and 141-150, inclusive, of the Code, or (B) such proceeds of the I-Bank Bonds will be used for refinancing of indebtedness that was used to pay Costs of the Project or to reimburse the Borrower for expenditures with respect to Costs of the Project paid by the Borrower prior to the issuance of such indebtedness in accordance with a reimbursement allocation for such expenditures that complies with the requirements of Treasury Regulations §1.150-2.

(vi) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the I-Bank Bonds to pay any costs, or refinance any costs, which are not Costs of the Project that constitute (A) a

“capital expenditure,” within the meaning of Treasury Regulations §1.150-1, or (B) interest on the I-Bank Bonds accruing during a period commencing on the date of issuance of the I-Bank Bonds and ending on the date that is the later of (I) three years from the date of issuance of the I-Bank Bonds or (II) one year after the completion date with respect to the Project.

(vii) The Borrower shall not use the proceeds of the I-Bank Bonds (assuming solely for this purpose that the proceeds of the I-Bank Bonds loaned to the Borrower represent all of the proceeds of the I-Bank Bonds) in any manner that would cause the I-Bank Bonds to be considered “federally guaranteed” within the meaning of Section 149(b) of the Code or “hedge bonds” within the meaning of Section 149(g) of the Code.

(viii) The Borrower shall not issue any Tax-Exempt Debt Obligations that (A) are sold at substantially the same time as the I-Bank Bonds and finance or refinance the Loan made to the Borrower, (B) are sold pursuant to the same plan of financing as the I-Bank Bonds and finance or refinance the Loan made to the Borrower, and (C) are reasonably expected to be paid out of substantially the same source of funds as the I-Bank Bonds and finance or refinance the Loan made to the Borrower.

(ix) Neither the Borrower nor any “related party” (within the meaning of Treasury Regulations §1.150-1) shall purchase I-Bank Bonds in an amount related to the Principal Amount of the Loan.

(x) The Borrower shall not issue or permit to be issued obligations that will constitute an “advance refunding” of the Borrower Bond within the meaning of Section 149(d)(5) of the Code without the express written consent of the I-Bank, which consent (i) may only be delivered by the I-Bank if the I-Bank has received notice from the Borrower of such contemplated action no later than ninety (90) days prior to any such contemplated action, and (ii) is in the sole discretion of the I-Bank.

(xi) The Borrower will not invest amounts held in any reserve or replacement fund of the Borrower (within the meaning of Section 148(d)(1) of the Code) that are allocable to the Borrower Bond evidencing the Loan at a yield in excess of the yield on the I-Bank Bonds, all in accordance with the instructions of the I-Bank, except for any period such amounts constitute proceeds of indebtedness of the Borrower the interest on which is excluded from gross income for purposes of federal income taxation and such amounts have not been reallocated to the I-Bank Bonds as “gross proceeds” of the I-Bank Bonds (in accordance with Treasury Regulations §1.148-6(b) or successor Treasury Regulations applicable to the I-Bank Bonds).

(xii) To the extent proceeds of the I-Bank Bonds are to be used to finance, rather than refinance, Costs of the Project, the Borrower covenants that the Borrower will satisfy the requirements of Treasury Regulations §1.148-2(e)(2) for a three (3) year temporary period with respect to such portion of the Loan. Accordingly, the Borrower represents that, based upon all of the objective facts and circumstances in existence on the date of issuance of the I-Bank Bonds, with respect to such portion of the Loan, if any, that is to be used to finance Costs of the Project, (A) within six months of the date of issuance of the I-Bank Bonds used to finance the Project, the Borrower will incur, or will have incurred, a substantial binding obligation to a third party to expend on the Project at least five percent (5%) of such “net sale proceeds” (within the meaning of Treasury Regulations §1.148-1) of the Loan used to finance the Project (treating an obligation as not being binding if it is subject to contingencies within the control of the Borrower, the I-Bank or a “related party” (within the meaning of Treasury Regulations §1.150-1)), (B) completion of such portion of the Project and the allocation to expenditures of the “net sale proceeds” of the Loan used to finance the Project will proceed with due diligence, and (C) all of the proceeds of the Loan used to finance Costs of the Project and investment earnings thereon will be spent prior to the period ending three (3) years subsequent to the date of issuance of the I-Bank Bonds used to finance the Project. Accordingly, any proceeds of the Loan deposited in the Project Loan Account used to finance the Project will be eligible for the 3-year arbitrage temporary period since the expenditure test, time test and due diligence test, as set forth in Treasury Regulations §1.148-2(e)(2), will be satisfied.

(xiii) Computed as of the issue date of the I-Bank Bonds that are issued to finance or refinance Costs of the Project, the weighted average maturity of the Loan does not exceed 120% of the average reasonably expected economic life of the Project, determined in the same manner as under Section 147(b) of the Code. Accordingly, the term of the Loan will not be longer than is reasonably necessary for the governmental purposes of the Loan within the meaning of Treasury Regulations §1.148-1(c)(4).

(xiv) The Borrower shall not enter into any service contracts (including management contracts) with respect to any portion of the Project financed by the I-Bank Bonds unless (A) the Borrower delivers an opinion of Bond Counsel, in form and substance satisfactory to the I-Bank, to the effect that the entering into of such contract or contracts by the Borrower will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the I-Bank Bonds, and (B) such contract is with a “governmental unit” (within the meaning of Section 141 of the Code) or, if such contract is not with a “governmental unit”, such contract either (i) meets a safe harbor as set forth in Rev. Proc. 2017-13, (ii) was entered into before August 18, 2017 and is not materially amended or modified after that date, and meets a safe harbor set forth in Rev. Proc. 97-13, 1997-1 C.B. 632, as modified by Rev. Proc. 2001-39; 2001-2 C.B. 38, and amplified by Notice 2014-67, or (iii) meets a safe harbor contained in any successor guidance from the Internal Revenue Service.

(xv) The Borrower shall, within thirty (30) days of date the Borrower concludes that no additional proceeds of the Loan will be required to pay Costs of the Project, provide to the I-Bank a certificate of the Borrower evidencing such conclusion.

(f) Maintenance of Project. The Borrower covenants and agrees that it shall (i) at all times maintain the Project in good repair and working order, and (ii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the Project, all in accordance with prudent practices for the Project.

(g) Records and Accounts.

For purposes of this subsection, quoted terms shall have the meanings given thereto by Section 148 of the Code, Treasury Regulations §§1.148-1 through 1.148-11, inclusive, and Treasury Regulations §1.150-1, all as may be supplemented or amended, to the extent applicable to the I-Bank Bonds, and any successor Treasury Regulations applicable to the I-Bank Bonds.

(i) Borrower shall keep accurate records and accounts for the Project (the “Project Records”) separate and distinct from its other records and accounts (the “General Records”). Such Project Records shall be audited annually by an independent registered municipal accountant or certified public accountant, which may be part of the annual audit of the General Records of the Borrower. Such Project Records and General Records shall be made available for inspection by the I-Bank at any reasonable time upon prior written notice, and a copy of such annual audit(s) therefor, including all written comments and recommendations of such accountant, shall be furnished to the I-Bank within 150 days of the close of the Borrower’s fiscal year being so audited, or such additional period of time as shall be consented to by an Authorized Officer of the I-Bank in the sole and absolute discretion thereof, subject to the application of applicable law relating to such additional period of time for the Borrower to complete its audit.

(ii) Within thirty (30) days following receipt of any Loan proceeds, including without limitation the “Allowance for Administrative Costs” or the “Allowance for Planning and Design” if set forth in Exhibit B hereto, the Borrower shall allocate any such proceeds to expenditures in a manner that satisfies the requirements of Treasury Regulation §1.148 6(d) and transmit a copy of each such allocation to the I-Bank. No portion of the Allowance for Administrative Costs shall be allocated to a cost other than a cost described in the Regulations and no portion of the Allowance for Administrative Costs shall be paid on a date later than the 180th day after the Loan Closing. No portion of the Allowance for Planning and Design shall be allocated to a cost other than a cost described in the Regulations, or other costs of the Project which are “capital expenditures,”

within the meaning of Treasury Regulations §1.150-1. The Borrower shall retain records of such allocations at least until the date that is three years after the scheduled maturity date of the I-Bank Bonds. The Borrower shall make such records available to the I-Bank within fifteen (15) days of any request by the I-Bank. Notwithstanding any other provision contained in this Loan Agreement to the contrary, any requisition of Loan proceeds from the Allowance for Administrative Costs must be submitted within ninety (90) days of the Loan Closing.

(iii) Unless otherwise advised in writing by the I-Bank, in furtherance of the covenant of the Borrower contained in subsection (e)(iii) of this Section 2.02 not to cause the I-Bank Bonds to be arbitrage bonds, the Borrower shall keep, or cause to be kept, accurate records of each investment it makes in any “nonpurpose investment” acquired with, or otherwise allocated to, “gross proceeds” of the I-Bank Bonds not held by the Trustee and each “expenditure” it makes allocated to “gross proceeds” of the I-Bank Bonds. For each such “nonpurpose investment”, such records shall include the purchase price, including any constructive “payments” (or in the case of a “payment” constituting a deemed acquisition of a “nonpurpose investment” (e.g., a “nonpurpose investment” first allocated to “gross proceeds” of the I-Bank Bonds after it is actually acquired because it is deposited in a sinking fund for the I-Bank Bonds)), the “fair market value” of the “nonpurpose investment” on the date first allocated to the “gross proceeds” of the I-Bank Bonds, nominal interest rate, dated date, maturity date, type of property, frequency of periodic payments, period of compounding, yield to maturity, the amount actually or constructively received on disposition (or in the case of a “receipt” constituting a deemed disposition of a “nonpurpose investment” (e.g., a “nonpurpose investment” that ceases to be allocated to the “gross proceeds” of the I-Bank Bonds because it is removed from a sinking fund for the I-Bank Bonds)), the “fair market value” of the “nonpurpose investment” on the date it ceases to be allocated to the “gross proceeds” of the I-Bank Bonds, the purchase date and disposition date of the “nonpurpose investment”, and evidence of the “fair market value” of such property on the purchase date and disposition date (or deemed purchase or disposition date). The purchase date, disposition date and the date of determination of “fair market value” shall be the date on which a contract to purchase or sell the “nonpurpose investment” becomes binding, i.e., the trade date rather than the settlement date. For the purposes of calculating purchase price and calculating amounts received or constructively received on disposition, brokerage commissions, selling commissions, administrative expenses and similar expenses shall not increase the purchase price of an item and shall not reduce the amount actually or constructively received upon disposition of an item, except to the extent such costs constitute “qualified administrative costs”.

(iv) Within thirty (30) days of the last day of the fifth and each succeeding fifth “bond year” (which, unless otherwise advised by the I-Bank, shall be the five-year period ending on the date five years subsequent to the date immediately preceding the date of issuance of the I-Bank Bonds and each succeeding fifth “bond year”) and within thirty (30) days of the date the last bond that is part of the I-Bank Bonds is discharged (or on any other periodic basis requested in writing by the I-Bank), the Borrower shall (A) calculate, or cause to be calculated, the “rebate amount” as of the “computation date” or “final computation date” attributable to any “nonpurpose investment” made by the Borrower and (B) remit the following to the I-Bank: (1) an amount of money that when added to the “future value” as of the “computation date” of any previous payments made to the I-Bank on account of rebate equals the “rebate amount”, (2) the calculations supporting the “rebate amount” attributable to any “nonpurpose investment” made by the Borrower allocated to “gross proceeds” of the I-Bank Bonds, and (3) any other information requested by the I-Bank relating to compliance with Section 148 of the Code (e.g., information related to any “nonpurpose investment” of the Borrower for purposes of application of the “universal cap”)

(v) The Borrower covenants and agrees that it will account for “gross proceeds” of the I-Bank Bonds, investments allocable to the I-Bank Bonds and expenditures of “gross proceeds” of the I-Bank Bonds in accordance with Treasury Regulations §1.148-6. All allocations of “gross proceeds” of the I-Bank Bonds to expenditures will be recorded on the books of the Borrower kept in connection with the I-Bank Bonds no later than 18 months after the later of the date the particular Costs of the Project are paid or the date the portion of the Project financed by the I-Bank Bonds (i.e., the portion of the Project financed with proceeds of I-Bank Bonds) is placed in service. All allocations of proceeds of the I-Bank Bonds to expenditures will be made no later than the



date that is 60 days after the fifth anniversary of the date the I-Bank Bonds are issued or the date 60 days after the retirement of the I-Bank Bonds, if earlier. Such records and accounts will include the particular Costs paid, the date of the payment and the party to whom the payment was made.

(vi) From time to time as directed by the I-Bank, the Borrower shall provide to the I-Bank a written report demonstrating compliance by the Borrower with the provisions of Section 2.02(e) of this Loan Agreement, each such written report to be submitted by the Borrower to the I-Bank in the form of a full and complete written response to a questionnaire provided by the I-Bank to the Borrower, such written report to be submitted to the I-Bank within thirty (30) days of the I-Bank's request for same. Each such questionnaire shall be provided by the I-Bank to the Borrower not less than fourteen (14) days prior to the date established by the I-Bank for receipt from the Borrower of the full and complete written response to the questionnaire.

(h) Inspections; Information. The Borrower shall permit the I-Bank and the Trustee (and any party designated by either of such parties to act on its behalf or to assist it, including, without limitation, their respective professional advisors), at any and all reasonable times during construction of the Project and, thereafter, upon prior written notice, (i) to visit, inspect and examine the property constituting the Project and the site on which the Project is located, and (ii) to inspect (and make and retain copies of) any Borrower accounts, books, records, correspondence and files, including, without limitation, Borrower records regarding contracts, receipts, disbursements, investments and the overall financial standing of the Borrower, and any other matters related to the Borrower, the Project and the foregoing list of deliverables. In furtherance of the intent of this subsection, the Borrower shall promptly prepare and provide such written reports and informational summaries as the I-Bank or the Trustee may reasonably require, such written reports and informational summaries to be provided by the Borrower within thirty (30) days of the date of the request for same.

(i) Insurance. The Borrower shall maintain or cause to be maintained, in force, insurance policies with responsible insurers or self-insurance programs providing against risk of direct physical loss, damage or destruction of, or to, the Project, at least to the extent that similar insurance is typically carried, and considered commercially reasonable, in connection with constructing and maintaining projects of the nature of the Project, including liability coverage, all to the extent available at reasonable cost, but in no case less than will satisfy all regulatory requirements applicable to the Borrower and the Project.

(j) Costs of Project. The Borrower certifies that the construction cost of the Project, as listed in Exhibit B hereto and made a part hereof, is a reasonable and accurate estimation thereof, and it will supply to the I-Bank a certificate from a licensed professional engineer authorized to practice in the State stating that such construction cost is a reasonable and accurate estimation and that the useful life of the Project exceeds the maturity date of the Borrower Bond.

(k) Delivery of Documents. Concurrently with the delivery of this Loan Agreement (as previously authorized, executed and attested) at the Loan Closing, the Borrower will cause to be delivered to the I-Bank each of the following items:

(i) an opinion of the Borrower's Bond Counsel substantially in the form of Exhibit E hereto; provided, however, that an Authorized Officer of the I-Bank may permit portions of such opinion to be rendered by general counsel to the Borrower and may permit variances in such opinion from the form set forth in Exhibit E if, in the sole discretion of an Authorized Officer of the I-Bank (following consultation with the I-Bank's Bond Counsel);

(ii) counterparts of this Loan Agreement as previously executed and attested by the parties hereto;

(iii) copies of (A) those ordinances and/or resolutions finally adopted by the governing body of the Borrower and requested by the I-Bank, including, without limitation, (i) the resolution of the Borrower

authorizing the execution, attestation and delivery of this Loan Agreement, (ii) the ordinances and resolutions of the Borrower authorizing the execution, attestation, sale and delivery of the Borrower Bond to the I-Bank, (iii) the resolution of the Borrower, if any, confirming the details of the sale of the Borrower Bond to the I-Bank, (iv) the resolution of the Borrower, if any, declaring its official intent to reimburse expenditures for the Costs of the Project from the proceeds of the I-Bank Bonds, and (v) any other Proceedings, all of the foregoing being certified by an Authorized Officer of the Borrower as of the date of the Loan Closing, and (B) the approval by DLGS with respect to the issuance by the Borrower of the Borrower Bond to the I-Bank and setting forth any other approvals required therefor by DLGS;

(iv) if any portion of the Loan is being made to reimburse the Borrower for all or a portion of the Costs of the Project or to refinance indebtedness or reimburse the Borrower for the repayment of indebtedness previously incurred by the Borrower to finance all or a portion of the Costs of the Project, an opinion of Borrower's Bond Counsel, in form and substance satisfactory to the I-Bank, upon which the I-Bank may rely, to the effect that such reimbursement or refinancing will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the I-Bank Bonds; and

(v) the certificates of insurance coverage as required pursuant to the terms of Section 3.06(d) hereof and such other certificates, documents, opinions and information as the I-Bank may require, if any.

(l) Execution and Delivery of Borrower Bond. Concurrently with the delivery of this Loan Agreement at the Loan Closing, the Borrower shall also deliver to the I-Bank the Borrower Bond, as previously executed and attested, and, if applicable, the I-Bank shall certify, in writing, the portion of the net proceeds of the I-Bank Bonds that shall be deposited in the Project Loan Account simultaneously with the delivery of the Borrower Bond. If there are no I-Bank Bonds issued in connection with the Loan, the proceeds of the Borrower Bond shall be applied as set forth on Exhibit F hereto.

(m) Notice of Material Adverse Change. The Borrower shall promptly notify the I-Bank of any material adverse change in the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the Project, or in the ability of the Borrower to make all Loan Repayments and otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(n) Continuing Representations. The representations of the Borrower contained herein shall be true at the time of the execution of this Loan Agreement and at all times during the term of this Loan Agreement.

(o) Additional Covenants and Requirements.

(i) If necessary in connection with the I-Bank's issuance of the I-Bank Bonds or the making of the Loan, additional covenants and requirements, if any, have been included in Exhibit F hereto and made a part hereof. Such covenants and requirements may relate to, but need not be limited to, the issuance of additional debt of the Borrower, the use by or on behalf of the Borrower of certain proceeds of the I-Bank Bonds as such use relates to the exclusion from gross income for federal income tax purposes of the interest on any I-Bank Bonds, Rule 15c2-12, Rule 10b-5, and any other applicable federal, state or self-regulatory organization securities laws, regulations and rules, and matters in connection with the appointment of the Trustee under the Bond Indenture and any successors thereto. The Borrower hereby agrees to observe and comply with each such additional covenant and requirement, if any, included in Exhibit F hereto as if the same were set forth herein in its entirety.

(ii) Additional defined terms, covenants, representations and requirements have been included in Schedule A attached hereto, each of which are incorporated in this Loan Agreement by reference thereto as if set forth in full herein and the Borrower hereby agrees to observe and comply with each such additional term, covenant, representation and requirement included in Schedule A as if the same were set forth herein in its entirety.

(p) Continuing Disclosure Covenant. To the extent that the I-Bank, in its sole discretion, determines, at any time prior to the termination of the Loan Term, that the Borrower is a material “obligated person”, as the term “obligated person” is defined in Rule 15c2-12, with materiality being determined by the I-Bank pursuant to criteria established, from time to time, by the I-Bank in its sole discretion, the Borrower hereby covenants that it will authorize and provide to the I-Bank, for inclusion in any Preliminary Official Statement or Official Statement of the I-Bank, all statements and information relating to the Borrower and deemed material by the I-Bank for the purpose of satisfying Rule 15c2-12 as well as Rule 10b-5, including certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5; and the Borrower hereby further covenants that the Borrower shall execute and deliver the Continuing Disclosure Agreement, substantially in the form attached hereto as Exhibit G, with such revisions thereto prior to execution and delivery thereof as the I-Bank shall determine to be necessary, desirable or convenient, in its sole discretion, for the purpose of satisfying Rule 15c2-12 and the purposes and intent thereof, as Rule 15c2-12, its purposes and intent may hereafter be interpreted from time to time by the SEC or any court of competent jurisdiction; and pursuant to the terms and provisions of the Continuing Disclosure Agreement, the Borrower shall thereafter provide on-going disclosure with respect to all statements and information relating to the Borrower in satisfaction of the requirements set forth in Rule 15c2-12 and Rule 10b-5, including, without limitation, the provision of certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5.

(q) Except as otherwise expressly provided in this Loan Agreement to the contrary, the Borrower shall promptly comply with all reasonable requests of the I-Bank for information or reports regarding the Borrower, the Borrower’s accounts, books, records, or financial standing, or any other matter relating to the Borrower or the Project and shall provide the requested information or reports to the I-Bank within thirty (30) days of the date of the request.