

In the opinion of Gibbons, P.C., Bond Counsel to the Authority (as defined herein), assuming compliance by the Authority and the County (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 of the Bonds 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. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

UNION COUNTY IMPROVEMENT AUTHORITY
(County of Union, New Jersey)
\$109,645,000
COUNTY GUARANTEED LEASE REVENUE BONDS, SERIES 2024
(Union County Administration Complex Project)

Dated: Date of Delivery**Due: April 15, as shown on inside cover hereof**

The \$109,645,000 County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project) (the "Bonds") will be issued by the Union County Improvement Authority (the "Authority"). One bond certificate for each stated maturity of the Bonds will be issued in the principal amount of each such maturity. The Bonds, when issued, will be registered in the name of and held by Cede & Co. ("Cede"), as nominee for The Depository Trust Company ("DTC"), an automated depository for securities and clearing house transactions, which will act as securities depository for the Bonds. The principal of and interest on the Bonds is payable to DTC, which will remit such principal and interest to the Participants described herein for subsequent distribution to the beneficial owners of the Bonds. Manufacturers and Traders Trust Company, Iselin, New Jersey, will act as trustee, registrar and paying agent for the Bonds (the "Trustee", the "Registrar", and the "Paying Agent").

The Bonds are being issued as fully registered Bonds without coupons. The Bonds are being issued in denominations of \$5,000 each or any integral multiple thereof. The Bonds are initially dated the Date of Delivery and will mature as shown on the inside of the cover page of this Official Statement. Interest on the Bonds is based upon 30/360 day count and is payable semiannually on each April 15 and October 15, commencing October 15, 2024. Interest on the Bonds will be credited to the Participants of DTC as listed on the records of DTC as of each preceding April 1 and October 1 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE BONDS – Redemption Prior to Maturity".

The Bonds are being issued pursuant to a bond resolution of the Authority duly adopted on April 14, 2021, entitled "County Guaranteed Lease Revenue Bond Resolution (Union County Administration Complex Project), as amended and supplemented by a certificate of the Chairman" (the "General Bond Resolution") and by a certificate of the Chairman of the Authority dated the date of this Official Statement, exercising certain powers delegated by the General Bond Resolution (the "Award Certificate" and together with the General Bond Resolution, the "Bond Resolution") and in accordance with the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey, as amended and supplemented (the "Act").

The Bonds are being issued to (i) to finance and undertake the planning, design, construction and equipping of a new County Administration complex located at 61-99 West Grand Street, Elizabeth, New Jersey (the "Project"), and (ii) pay certain costs incurred in connection with the issuance of the Bonds. The Bonds constitute direct and special obligations of the Authority payable solely from the Pledged Property, as defined herein, including without limitation, rental payments which are derived primarily from the lease of the Project pursuant to the provisions of a Lease and Agreement by and between the Authority and the County of Union, New Jersey (the "County"), dated as of April 1, 2024 (the "Lease Agreement"), pursuant to which the County is obligated to make Rental payments sufficient, among other things, to pay debt service on the Bonds. The timely payment of principal of, redemption premium, if any, and interest on the Bonds is secured by the provisions of the Lease Agreement. THE COUNTY'S OBLIGATION TO MAKE RENTAL PAYMENTS UNDER THE LEASE AGREEMENT IS A VALID AND BINDING OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO MAKE THE RENTAL PAYMENTS UNDER THE LEASE AGREEMENT, AND IF SUCH PAYMENTS ARE NOT MADE FROM OTHER SOURCES, SUCH PAYMENTS SHALL BE PAYABLE FROM THE LEVY OF *AD VALOREM* TAXES UPON ALL THE TAXABLE PROPERTY IN THE COUNTY WITHOUT LIMITATION AS TO RATE OR AMOUNT. See "SECURITY FOR THE BONDS-The Lease Agreement".

The Bonds are further secured by a full, irrevocable and unconditional guaranty (the "County Guaranty") from the County to pay, when due, the principal of and interest on the Bonds. The County has the power and the obligation, if necessary, to cause the levy of *ad valorem* taxes upon all taxable property within the County without limitation as to rate or amount for the payment of the principal of and interest on the Bonds. See "SECURITY FOR THE BONDS – The County Guaranty – The Guaranty Agreement".

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS MADE PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY; OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS MADE PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY; AND NEITHER THE STATE NOR ANY SUCH POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY, 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 OR ANY POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

This cover page includes certain information for reference only and is not a summary of matters set forth herein. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the Authority and delivered to the Underwriter, subject to the approval of legality by Gibbons, P.C., Newark, New Jersey, Bond Counsel to the Authority, and other conditions described herein. Certain legal matters will be passed upon for the County by Bruce H. Bergen, Esq., County Counsel, and by its County Bond Counsel, Rogut McCarthy LLC, Cranford, New Jersey. Certain legal matters will be passed upon for the Authority by its General Counsel, Rainone Coughlin Minchello, LLC, Iselin, New Jersey. Certain legal matters will be passed upon for the Underwriter by its Counsel, Cleary Giacobbe Alfieri Jacobs, LLC, Oakland, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey has acted as municipal advisor to the Authority in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery on or about April 25, 2024. The Bonds are to be delivered through the facilities of DTC in New York, New York.

Dated: April 11, 2024



**Capital
Markets**

UNION COUNTY IMPROVEMENT AUTHORITY
(County of Union, New Jersey)

\$109,645,000

COUNTY GUARANTEED LEASE REVENUE BONDS, SERIES 2024
(Union County Administration Complex Project)

\$55,270,000 Serial Bonds

<u>Maturity</u> <u>(April 15)</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.**</u>
2025	\$ 1,650,000	5.000 %	3.350 %	906347YA1
2026	1,735,000	5.000	3.100	906347YB9
2027	1,825,000	5.000	2.930	906347YC7
2028	1,915,000	5.000	2.760	906347YD5
2029	2,015,000	5.000	2.690	906347YE3
2030	2,115,000	5.000	2.700	906347YF0
2031	2,225,000	5.000	2.670	906347YG8
2032	2,340,000	5.000	2.740	906347YH6
2033	2,460,000	5.000	2.750	906347YJ2
2034	2,585,000	5.000	2.750	906347YK9
2035	2,720,000	5.000	2.850 *	906347YL7
2036	2,860,000	5.000	2.890 *	906347YM5
2037	3,005,000	5.000	3.040 *	906347YN3
2038	3,160,000	5.000	3.130 *	906347YP8
2039	3,320,000	5.000	3.220 *	906347YQ6
2040	3,490,000	5.000	3.380 *	906347YR4
2041	3,670,000	5.000	3.440 *	906347YS2
2042	3,860,000	5.000	3.490 *	906347YT0
2043	4,055,000	5.000	3.560 *	906347YU7
2044	4,265,000	5.000	3.620 *	906347YV5

\$24,355,000 4.250% Term Bond Due April 15, 2049 Priced at 100 % to Yield 4.250% CUSIP 906347YW3**

\$30,020,000 4.125%% Term Bond Due April 15, 2054 Priced at 97.891 % to Yield 4.250%% CUSIP 906347YX1**

* Priced to optional call date of April 15, 2034

** A registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Banker Association by FactSet 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 and the Underwriter do 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.

UNION COUNTY IMPROVEMENT AUTHORITY
MEMBERS AND PROFESSIONALS

BOARD OF COMMISSIONERS

Christopher Kolibas - Chairman
Scott M. Huff - Vice Chairman
Steve Gary Hockaday - Treasurer
Andrea Mojica - Secretary
David Barnett - Commissioner
Jonathan Boguchwal - Commissioner
Jenny Davis Toth - Commissioner
Ahmed Shehata - Commissioner
Terri Hudak - Commissioner

EXECUTIVE DIRECTOR

Dr. Bibi Taylor

AUTHORITY GENERAL COUNSEL

Rainone Coughlin Minchello, LLC
Iselin, New Jersey

AUTHORITY BOND COUNSEL

Gibbons, P.C.
Newark, New Jersey

AUTHORITY AUDITOR

Wielkottz & Company, LLC
Pompton Lakes, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

**COUNTY OF UNION
STATE OF NEW JERSEY**

MEMBERS AND PROFESSIONALS

BOARD OF COUNTY COMMISSIONERS

Kimberly Palmieri-Mouded - Chairman
Lourdes M. Leon - Vice-Chairman
James E. Baker, Jr. - Commissioner
Joseph Bodek - Commissioner
Michele S. Delisfort - Commissioner
Sergio Granados - Commissioner
Bette Jane Kowalski - Commissioner
Alexander Mirabella - Commissioner
Rebecca Williams - Commissioner

CLERK OF THE BOARD OF COUNTY COMMISSIONERS

James E. Pellettiere, RMC

COUNTY MANAGER

Edward Oatman

DIRECTOR OF FINANCE/COUNTY TREASURER

Dr. Bibi Taylor

COUNTY COUNSEL

Bruce H. Bergen, Esq.

COUNTY AUDITOR

Wielkots & Company, LLC
Pompton Lakes, New Jersey

COUNTY BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

The information which is set forth herein has been provided by the Authority and by other sources which are believed to be reliable by the Authority and by the Underwriter, the County of Union, State of New Jersey (the "County") and The Depository Trust Company ("DTC"). However, such information provided by such other sources is not guaranteed as to accuracy or completeness by the Authority or by the Underwriter, and is not intended to be and is not to be construed as a representation by the Authority or the Underwriter. Certain financial, economic and demographic information concerning the County is contained in Appendices A and B to this Official Statement. Such information has been furnished by the County. The information under the heading "DESCRIPTION OF THE BONDS - The DTC Book-Entry-Only System" has been furnished by DTC. Neither the Authority, the County, the Underwriter nor their respective counsel has confirmed the accuracy or completeness of the information relating to DTC, and the Authority, the County, the Underwriter and their respective counsel disclaim 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.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or any other person has been authorized by the Authority, the County or 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 DTC since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange, and neither the Securities Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the Authority (subject to the limitations set forth above), will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

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.

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OFFICIAL STATEMENT
of
UNION COUNTY IMPROVEMENT AUTHORITY
(County of Union, State of New Jersey)

\$109,645,000
COUNTY GUARANTEED LEASE REVENUE BONDS, SERIES 2024
(Union County Administration Complex Project)

INTRODUCTION

This Official Statement, including the cover pages, footnotes, Appendices and material included herein by reference, is provided to furnish certain information in connection with the issuance and sale of \$109,645,000 County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project) (the “Bonds”) of the Union 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”). One bond certificate for each stated maturity of the Bonds will be issued in the principal amount of each such maturity. The Bonds, when issued, will be registered in the name of and held by Cede & Co. (“Cede”), as nominee for The Depository Trust Company (“DTC”), an automated depository for securities and clearing house transactions, which will act as securities depository for the Bonds. The principal and interest on the Bonds is payable to DTC, which will remit such principal and interest to the Participants described herein for subsequent distribution to the beneficial owners of the Bonds. Manufacturers and Traders Trust Company, Iselin, New Jersey, will act as trustee, registrar and paying agent for the Bonds (the “Trustee”, the “Registrar” and the “Paying Agent”). This Official Statement should be read in its entirety.

The County Bonds are being issued pursuant to a bond resolution of the Authority duly adopted on April 14, 2021, entitled “County Guaranteed Lease Revenue Bond Resolution (Union County Administration Complex Project), as amended and supplemented by a certificate of the Chairman” (the “General Bond Resolution”) and by a certificate of the Chairman of the Authority dated the date of this Official Statement, exercising certain powers delegated by the General Bond Resolution (the “Award Certificate” and together with the General Bond Resolution, the “Bond Resolution”) and in accordance with the Act.

The Bonds are being issued to (i) to finance and undertake the planning, design, construction and equipping of a new County Administration complex located at 61-99 West Grand Street, Elizabeth, New Jersey (the “Project”), and (ii) pay certain costs incurred in connection with the issuance of the Bonds. The Bonds constitute direct and special obligations of the Authority payable solely from the Pledged Property, as defined herein, including without limitation, rental payments which are derived primarily from the lease of the Project pursuant to the provisions of a Lease and Agreement by and between the Authority and the County of Union, New Jersey (the “County”), dated as of April 1, 2024 (the “Lease Agreement”), pursuant to which the County is obligated to make rental payments sufficient, among other things, to pay debt service on the Bonds. The timely payment of principal of, redemption premium, if any, and interest on the Bonds is secured by the provisions of the Lease Agreement. THE COUNTY’S OBLIGATION TO MAKE

RENTAL PAYMENTS UNDER THE LEASE AGREEMENT IS A VALID AND BINDING OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO MAKE THE RENTAL PAYMENTS UNDER THE LEASE AGREEMENT, AND IF SUCH PAYMENTS ARE NOT MADE FROM OTHER SOURCES, SUCH PAYMENTS SHALL BE PAYABLE FROM THE LEVY OF *AD VALOREM* TAXES UPON ALL THE TAXABLE PROPERTY IN THE COUNTY WITHOUT LIMITATION AS TO RATE OR AMOUNT. See “SECURITY FOR THE BONDS-The Lease Agreement”.

The Bonds are secured by a full, irrevocable and unconditional guaranty of the County, pursuant to Guaranty Ordinance No. 828-2021 of the County finally adopted on April 22, 2021 (the “County Guaranty”) to pay, when due, the principal of and interest on the Bonds. The County has the power and the obligation, if necessary, to cause the levy of *ad valorem* taxes upon all taxable property within the County without limitation as to rate or amount for the payment of the principal of and interest on the Bonds. See “SECURITY FOR THE BONDS – The County Guaranty – The Guaranty Agreement”.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS MADE PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY; OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS MADE PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE GUARANTY; AND NEITHER THE STATE NOR ANY SUCH POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY, 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 OR ANY POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

A copy of the Bond Resolution, the Lease Agreement, the County Guaranty and the Guaranty Agreement (as defined herein) to be executed by and among the County, the Authority, and the Trustee dated as of April 1, 2024 (the “Guaranty Agreement”), are on file in the offices of the Authority in Elizabeth, New Jersey, and at the principal corporate trust office of the Trustee, and reference is made to such documents, for the provisions relating to, among other things, the terms of and the security for the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Authority, the County, and the Trustee.

The descriptions and summaries of various documents set forth in this Official Statement 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.

PLAN OF FINANCING FOR THE BONDS

The Bonds are being issued to provide funds to the County to (i) to finance the Project, and (ii) pay certain costs incurred in connection with the issuance of the Bonds.

The Authority has entered into the Lease Agreement with the County wherein the County will pay to the Trustee, as Basic Rent an amount which, together with available moneys on deposit in the Project Fund or the Debt Service Fund, if any, will be sufficient to pay the debt service on the Bonds. See “APPENDIX C – FORM OF THE GENERAL BOND RESOLUTION, LEASE AGREEMENT AND THE CONTINUING DISCLOSURE AGREEMENTS” herein.

REVIEW BY LOCAL FINANCE BOARD

The Authority applied to the Local Finance Board of the Division of Local Government Services in the New Jersey Department of Community Affairs (the “Local Finance Board”) for positive findings pursuant to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 *et seq.*) (the “Local Fiscal Control Law”), for the issuance of the Bonds and the security for the Bonds in the forms of the General Bond Resolution, the Lease Agreement and the County Guaranty. After the Local Finance Board hearing on such application on April 14, 2021, the Local Finance Board authorized a resolution reporting its positive findings and approval to the Authority in connection with the issuance of the Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds:

Principal Amount of Bonds	\$ 109,645,000.00
Net Original Issue Premium	<u>6,798,445.95</u>
Total Sources:	\$ 116,443,445.95

Uses of Funds:

Deposit to Project Fund	\$ 115,308,164.70
Cost of Issuance*	<u>1,135,281.25</u>
Total Uses:	\$ 116,443,445.95

*Includes Underwriter's discount, legal, accounting, printing, municipal advisory, Authority fees and fiduciary expenses incurred in connection with the issuance of the Bonds.

SECURITY FOR THE BONDS

General

The Bonds constitute direct and special obligations of the Authority. The Bonds are secured solely by the pledge of the Pledged Property, as that term is defined in the General Bond Resolution, which includes the Authority's right to receive Rentals under the Lease Agreement, the Revenues (which includes payments received under the County Guaranty) and Funds as defined in, and which are established and created under, the General Bond Resolution, (except the Rebate Fund, if any) and which are held by the Trustee under the terms of the General Bond Resolution, including Investment Securities held in any such Fund, together with all proceeds and revenues of the foregoing, and all of the Authority's right, title and interest in and to the foregoing, and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price, if any, of and interest on the Bonds in accordance with the terms and provisions of the Resolution. See "APPENDIX C-FORM OF THE GENERAL BOND RESOLUTION, LEASE AGREEMENT AND CONTINUING DISCLOSURE AGREEMENTS" herein.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS MADE PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY; OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS MADE PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY; AND NEITHER THE STATE NOR ANY SUCH POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY, 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 OR ANY POLITICAL SUBDIVISION THEREOF, EXCEPT THE AUTHORITY, BUT SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY, AND THE COUNTY, BUT SOLELY TO THE EXTENT OF THE RENTAL PAYMENTS PURSUANT TO THE LEASE AGREEMENT AND PAYMENTS MADE PURSUANT TO THE COUNTY GUARANTY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

The provisions of the Bonds and the Bond Resolution are deemed to be and do constitute contracts by and among the Authority, the Trustee and the registered owners, from time to time, of the Bonds and the security interest which is granted and the pledge which is made in the Bond Resolution and the covenants and agreements which are 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 of the 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 of any of the Bonds over any other thereof, except as expressly provided in or pursuant to the terms of the Bond Resolution. See “APPENDIX C – FORM OF THE GENERAL BOND RESOLUTION, LEASE AGREEMENT AND THE CONTINUING DISCLOSURE AGREEMENTS” herein.

The Lease Agreement

The Authority has entered into the Lease Agreement with the County wherein the County will pay to the Trustee, as Basic Rent an amount which, together with available moneys on deposit in the Project Fund or the Debt Service Fund, if any, will be sufficient to pay the debt service on the Bonds.

Pursuant to Ordinance No. 827-2021 of the County finally adopted on April 22, 2021 (the “Lease Ordinance”), the obligation of the County under the Lease Agreement to make Rental Payments is a direct and general obligation payable, unless paid from some other source, from the levy of *ad valorem* taxes upon all the taxable real property within the jurisdiction of the County, without limitation as to rate or amount. Such Rental Payments and other amounts are payable by the County without any rights of set-off, recoupment or counterclaim it might have against the Authority, the Trustee, or any other person and whether or not the Project is used by, or available for use by, the County. See “APPENDIX C – FORM OF THE GENERAL BOND RESOLUTION, LEASE AGREEMENT AND THE CONTINUING DISCLOSURE AGREEMENTS” herein.

The County Guaranty

The payment of the principal of (including sinking fund installments, if any) and interest on the Bonds is further secured by the County Guaranty authorized pursuant to N.J.S.A. 40:37A-80 and Ordinance No. 828-2021 finally adopted by the County on April 22, 2021, and entitled “Ordinance Authorizing the Guaranty by the County of Union, New Jersey of Payment of Principal of and Interest on the County Guaranteed Lease Revenue Bonds, Series 2021 (Union County Administration Complex Project) of the Union County Improvement Authority in an Aggregate Principal Amount Not Exceeding \$120,000,000”, in all respects duly approved and published as required by law.

The County Guaranty is a full, irrevocable and unconditional obligation of the County pursuant to which the County has the power and the obligation, if necessary, to cause the levy of *ad valorem* taxes upon all the taxable property within the County without limitation as to rate or amount for the payment of the principal of and interest on the Bonds.

The Guaranty Agreement

In order to establish the terms and conditions pursuant to which the County will make a payment, if necessary, under the terms of the County Guaranty, the Authority, the County and the Trustee will enter into the Guaranty Agreement on or prior to the delivery date of the Bonds.

Among other things, the Guaranty Agreement will provide that if, on the first (1st) day of the month in which the Authority is obligated to pay principal or interest on the Bonds, there are insufficient funds in the Debt Service Fund to make such payments when due under the Bond Resolution, the Trustee shall so notify the County within one (1) business day thereafter and the County shall acknowledge receipt thereof within one (1) business day, and no later than two (2) business days prior to such principal or interest payment date on the Bonds, the County shall make payment in immediately available funds to the Trustee of the amount of such deficiency in the Debt Service Fund. Such County payment shall be deposited by the Trustee into the Debt Service Fund, as and to the extent provided in the Bond Resolution. Notwithstanding any other provision of the Guaranty Agreement to the contrary, failure of the Trustee to give the County notice as provided therein shall not relieve the County of its obligations to make payment to the Trustee under the terms of the County Guaranty and the Guaranty Agreement.

The obligations of the County under the Guaranty Agreement shall remain in full force and effect until the Bonds have been paid in full in accordance with their terms.

When notice has been provided, as described above, the County shall immediately take all necessary action to pay such principal of and/or interest on the Bonds. 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, the levy of *ad valorem* taxes upon all the taxable property within 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 the County Guaranty.

Reference is made to “APPENDIX D – FORM OF THE GUARANTY AGREEMENT” for certain provisions of the Guaranty Agreement, and Appendices A and B attached hereto for certain information regarding the County.

DESCRIPTION OF THE BONDS

General

The Bonds are to be issued in the aggregate principal amount of \$109,645,000. The Bonds will be issued as fully registered book-entry bonds, and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for each of the Bonds under its book-entry-only system (the “DTC Book-Entry-Only System”). Provided DTC or its nominee is the registered owner of the

Bonds, the principal of, redemption premium, if any, and interest on the Bonds will be paid to DTC or its nominee. See “The DTC Book-Entry-Only System” below. In the event the Bonds are no longer subject to the DTC Book-Entry-Only System, the principal of and redemption premium, if any, on the Bonds will be payable upon surrender of such Bonds at the designated corporate trust office of the Paying Agent, or at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Resolution.

The Bonds are being issued in denominations of \$5,000 each or any integral multiple thereof, with interest payable on October 15, 2024 and each April 15 and October 15 thereafter until maturity. The Bonds will be dated, mature on the dates and bear interest as shown on the inside cover page of this Official Statement.

The DTC Book-Entry-Only System

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 year of maturity of the Bonds, in the aggregate principal amount of each 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, 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 and 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 Standard & Poor’s rating of AA+. The DTC Rules applicable to its 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect 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 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, tenders, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of 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 each such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures MMI. 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 Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of 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 Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Redemption Prior to Maturity

Optional Redemption. The Bonds maturing prior to April 15, 2035 shall not be subject to optional redemption prior to their respective maturity dates. The Bonds maturing on or after April 15, 2035 shall be subject to optional redemption prior to their respective maturity dates, at the option of the Authority, in whole or in part at any time on or after April 15, 2034 upon notice as herein described, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued and unpaid interest thereon to the date of redemption.

Mandatory Sinking Fund Redemption. The Bonds maturing on April 15, 2049, shall be subject to mandatory sinking fund redemption prior to maturity beginning on April 15, 2045 and annually on each April 15 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

\$24,355,000 Term Bond Due April 15, 2049

<u>Year</u>	<u>Amount</u>
2045	\$4,465,000
2046	4,660,000
2047	4,860,000
2048	5,075,000
2049 [±]	5,295,000

[±]Final Maturity

The Bonds maturing on April 15, 2054, shall be subject to mandatory sinking fund redemption prior to maturity beginning on April 15, 2050 and annually on each April 15 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption, in the years and principal amounts set forth below:

\$30,020,000 Term Bond Due April 15, 2054

<u>Year</u>	<u>Amount</u>
2050	\$5,520,000
2051	5,750,000
2052	5,995,000
2053	6,245,000
2054 [±]	6,510,000

[±]Final Maturity

Notice of Redemption

When the Bonds have been selected for redemption pursuant to any provision of the General Bond Resolution, the Trustee shall give written notice of redemption of such Bonds in the name of the Authority, which notice shall set forth: (i) the date fixed for redemption, (ii) the Redemption Price to be paid, (iii) that such Bonds will be redeemed at the principal office of the Paying Agent, (iv) 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 (v) 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 the interest accrued thereon to the Redemption date, and that, from and after such date, interest thereon shall cease to accrue. In case any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, the Holder thereof shall be entitled to a new Bond or Bonds, bearing interest at the same rate and in aggregate principal amount equal to the unredeemed portion of such Bond.

The notice required to be given by the Trustee shall be sent by registered mail to the registered owners of the Bonds to be redeemed, at their addresses as they appear on the Bond registration books of the Authority, not less than thirty (30) 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 Holder of such Bond 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 provision of the General Bond Resolution.

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DEBT SERVICE REQUIREMENTS

The following table shows the annual principal and interest requirements on the Bonds:

<u>Year Ending December 31)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ - 0 -	\$ 2,378,542.01	\$ 2,378,542.01
2025	1,650,000	4,995,662.50	6,645,662.50
2026	1,735,000	4,911,037.50	6,646,037.50
2027	1,825,000	4,822,037.50	6,647,037.50
2028	1,915,000	4,728,537.50	6,643,537.50
2029	2,015,000	4,630,287.50	6,645,287.50
2030	2,115,000	4,527,037.50	6,642,037.50
2031	2,225,000	4,418,537.50	6,643,537.50
2032	2,340,000	4,304,412.50	6,644,412.50
2033	2,460,000	4,184,412.50	6,644,412.50
2034	2,585,000	4,058,287.50	6,643,287.50
2035	2,720,000	3,925,662.50	6,645,662.50
2036	2,860,000	3,786,162.50	6,646,162.50
2037	3,005,000	3,639,537.50	6,644,537.50
2038	3,160,000	3,485,412.50	6,645,412.50
2039	3,320,000	3,323,412.50	6,643,412.50
2040	3,490,000	3,153,162.50	6,643,162.50
2041	3,670,000	2,974,162.50	6,644,162.50
2042	3,860,000	2,785,912.50	6,645,912.50
2043	4,055,000	2,588,037.50	6,643,037.50
2044	4,265,000	2,380,037.50	6,645,037.50
2045	4,465,000	2,178,531.25	6,643,531.25
2046	4,660,000	1,984,625.00	6,644,625.00
2047	4,860,000	1,782,325.00	6,642,325.00
2048	5,075,000	1,571,206.25	6,646,206.25
2049	5,295,000	1,350,843.75	6,645,843.75
2050	5,520,000	1,124,475.00	6,644,475.00
2051	5,750,000	892,031.25	6,642,031.25
2052	5,995,000	649,790.63	6,644,790.63
2053	6,245,000	397,340.63	6,642,340.63
2054	6,510,000	134,268.75	6,644,268.75
	<u>\$ 109,645,000</u>	<u>\$ 92,065,729.52</u>	<u>\$ 201,710,729.52</u>

THE AUTHORITY

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 (subsequently renamed Board of County Commissioners) of the County adopted on June 5, 1986. The Authority has, among other powers, the authority to extend credit or make loans to any governmental unit 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 or notes issued for that purpose by the Authority. The names and dates of expiration of the terms of the members of the Authority are as follows:

<u>Member</u>	<u>Expiration of Current Term</u>
Christopher Kolibas, Chairman	January 31, 2023*
Scott M. Huff, Vice Chairman	January 31, 2024*
Andrea Mojica, Treasurer	January 31, 2022*
Steve Gary Hockaday, Secretary	January 31, 2022*
David Barnett	January 31, 2020*
Jonathan Boguchwal	December 31, 2028
Jenny Davis Toth	January 31, 2025
Ahmed Shehata	January 31, 2026
Terri Hudak	January 31, 2026

*Currently serving in a holdover capacity

Gibbons, P.C., Newark, New Jersey, has served as Bond Counsel to the Authority with respect to the issuance of the Bonds. Rainone Coughlin Minchello, LLC, Iselin, New Jersey, is General Counsel to the Authority.

SUMMARY OF CERTAIN PROVISIONS RELATING TO MUNICIPAL AND COUNTY DEBT AND FINANCIAL REGULATIONS

Counties

The following is a summary of certain provisions of New Jersey law relevant to the County's debt and financial regulation and budget process.

This summary does not purport to be a full and complete statement of all of the provisions referred to herein, and the cited statutes should be read in full for a complete understanding of all of said provisions.

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law generally governs the issuance of bonds and notes by local units to finance certain capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the

financing of capital expenditures. Generally, all bonds and notes issued by a local unit are general full faith and credit obligations.

Debt Limits

The net authorized debt of all local units which are municipalities in the State of New Jersey is generally limited by statute to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The net authorized debt of all local units that are counties is generally limited to an amount equal to two percent (2.0%) of its equalized valuation basis. The equalized valuation basis of the local unit is set by statute as the average for the last three (3) years of the sum of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Department of the Treasury, Division of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Exceptions to Debt Limits – Extensions of Credit

The debt limit of a local unit may be exceeded with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the local unit must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of the local unit to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition, debt in excess of the debt limit may be issued by the local unit under N.J.S.A. 40A:2-7(g) for purposes permitted under the Local Bond Law if the amount of such obligations (exclusive of utility and assessment obligations) and all others authorized pursuant to such a provision during the then current fiscal year do not exceed an amount equal to 2/3 of the amount budgeted for the retirement of outstanding obligations.

Short-term Financing

A local unit may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance creating such capital expenditure, as it may be amended and supplemented. Bond anticipation notes may be issued for a period not greater than one (1) year and may be renewed from time to time for a period not exceeding one (1) year. Such notes shall mature and be paid not later than the 1st day of the 5th month following the close of the 10th fiscal year following the date of the original note. Beginning in the 3rd year, the amount of such notes that may be issued is decreased by the minimum amount required for the 1st year’s principal payment for a bond issue.

Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)

The foundation of the New Jersey local finance system is the annual budget. Every local unit must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Items of revenue and

appropriation are regulated by law and must be certified by the Director of the Division (the “Director”) prior to final adoption of the budget. The budget law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The Director has no authority over individual operating appropriations unless a specific amount is required by law, but the review function, focusing on anticipated revenue, serves to protect the solvency of all local units.

The budgets of local units must be in balance; i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit’s expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year’s budget.

Limitations on Expenditures (“Cap Law”) (N.J.S.A. 40A:4-45.1 et seq.)

N.J.S.A. 40A:4-45.4 places limits on local unit tax levies and expenditures. This law is commonly known as the “Cap Law” (the “Cap Law”). The Cap Law provides that the local unit shall limit any increase in its budget to 2.5% or the Cost-of-Living Adjustment, whichever is less, of the previous year’s local unit tax levy, subject to certain exceptions. The Cost-of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-of-Living Adjustment is equal to or less than 2.5%, the local unit may, by resolution approved by a majority vote of the full membership of the governing body, provide that the tax rate of the local unit for such year be increased by a percentage rate that is greater than the Cost-of-Living Adjustment, but not more than 3.5% over the previous year’s county tax levy. See N.J.S.A. 40A:4-45.14. In addition, pursuant to Chapter 100 of the Laws of New Jersey of 1994 (N.J.S.A. 40A:4-45.15a,-45.15b) and Chapter 74 of the Laws of New Jersey of 2004, local units may “Cap Bank” under the Local Budget Law. Local units are permitted to appropriate available “Cap Bank” in either of the next two (2) succeeding years’ final appropriations if its actual appropriations in a fiscal year are below the allowable Cost-of-Living Adjustment.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the “Cap Law” limits the obligation of the local unit to levy *ad valorem* taxes upon all taxable real property within the local unit to pay debt service on its bonds, including the Bonds, or bond anticipation notes.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: “no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination in writing to the local unit.”

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof with the exception of the inclusion of categorical grants-in-aid contracts for their face amounts with an offsetting appropriation.

See “INFECTIOUS DISEASE OUTBREAK-COVID-19” herein for a discussion of recent amendments to N.J.S.A. 40A:4-26 in response to the COVID-19 outbreak.

Deferral of Current Expenses

Emergency appropriations made under N.J.S.A. 40A:4-46, after the adoption of the budget and the determination of the tax rate, may be authorized by a local unit. However, with minor exceptions set forth below, such appropriations must be included in full in the following year’s budget.

Under the amended “Cap” law, emergency appropriations aggregating less than 3% of the previous year’s final current operating appropriations may be raised in that portion of the budget outside the “Cap” if approved by at least two-thirds of the members of the governing body of the local unit and the Director. Emergency appropriations that aggregate more than 3% of the previous year’s final current operating appropriations must be raised within the “Cap”. Emergency appropriations for debt service, capital improvements, the local unit’s share of federal or State grants and other statutorily permitted items are outside the “CAP”.

The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revision of ordinances and master plan preparations, which may be amortized over five years.

See “INFECTIOUS DISEASE OUTBREAK-COVID-19” herein for a discussion of recent amendments to the special emergency provisions in the Local Budget Law in response to the COVID-19 outbreak.

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 (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

The governing body of the local unit may by resolution, adopted by 2/3 vote of the full membership, transfer appropriations from accounts with an excess of funds to those with insufficient funds. However, the statute prohibits the use of appropriations for contingent expenses, deferred charges, cash deficit of preceding year, reserve for uncollected taxes, down payments, capital improvement fund or interest and redemption charges.

Capital Budget

In accordance with the Local Budget Law, each local unit must adopt and annually revise a capital program budget for a period not greater than the next ensuing six years. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the local unit setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit.

An independent examination of the local unit's financial statements must be performed annually by a registered municipal accountant of New Jersey. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director prior to June 30 of each year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

MUNICIPAL BANKRUPTCY

The undertakings of the Authority and the County should be considered with reference to Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"), 11 U.S.C. Section 901 to 946. Under Chapter 9 of the Bankruptcy Code, a municipality, a political subdivision or a public agency or instrumentality of the State that is insolvent or unable to meet its debts may file a petition in a United States Bankruptcy Court (the "Bankruptcy Court") to adjust its debts. Chapter 9 of the Bankruptcy Code does not permit such entity to liquidate its assets and distribute the proceeds of its assets to its creditors. Chapter 9 of the Bankruptcy Code permits a financially distressed public entity to seek protection from its creditors by staying the commencement or continuation of certain actions against such public entity while it formulates and negotiates a plan of adjustment of its debts which can be binding on a dissenting minority of creditors if it is acceptable to the majority of creditors. Should the Authority or the County 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 public entity's plan of adjustment of its debt.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that “any political subdivision” of the State as defined therein has the power to file a petition with the Bankruptcy Court under Chapter 9 of the Bankruptcy Code provided the “political subdivision” has obtained approval of the Local Finance Board. Section 903 of the Bankruptcy Code, 11 U.S.C. Section 903, specifically provides that Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality; 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 ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE AUTHORITY OR THE COUNTY EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF EITHER 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.

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

The Act sets forth the pledge and agreement of the State that it will not limit or alter the rights vested by the Act in the Authority to fix, establish, charge and collect its facility charges and to perform and fulfill the terms of any agreements which have been made with holders of bonds or other obligations of the Authority so as to in any way impair the rights and remedies of such holders, and will not modify in any way the exemption from taxation provided for in the Act, 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.

LEGALITY FOR INVESTMENT

Under the Act, the Bonds are securities in which the State and all public officers, municipalities, counties, political subdivisions and 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, and the Bonds are authorized as security for any and all public deposits.

NEGOTIABILITY OF THE BONDS

Section 24 of the Act, N.J.S.A. 40:37A-67, provides that any bond or obligation issued pursuant to the Act shall be fully negotiable within the meaning and for all purposes of the negotiable instruments law of the State and each holder or owner of such bond or other obligation, 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, issuance, sale, execution 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, issuance, sale, execution 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, issuance, sale, execution 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 pay, or 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 Lease Ordinance, Lease Agreement, County Guaranty or the Guaranty Agreement, or in any way contesting or affecting the validity of the Lease Ordinance, Lease Agreement, County Guaranty or the Guaranty Agreement, or any proceedings of the County taken with respect to the adoption, execution or delivery thereof or existence or powers of the County related to the adoption, execution and delivery of the Lease Ordinance, Lease Agreement, County Guaranty or the Guaranty Agreement, which if adversely decided, would have a material adverse effect on the financial condition of the County which is not otherwise adequately covered by insurance, or affect the County's ability to pay or to provide for payment under the Lease Ordinance, Lease Agreement, County Guaranty or the Guaranty Agreement.

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 which must be met on the date of issuance and 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 purposes of Federal income taxation under Section 103 of the Code. Failure of the Authority and the County 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 the issuance of the Bonds. The Authority and the County will make certain representations in the tax certificate and the Lease Agreement, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Authority and the County 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 the interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Bonds to be treated as an item

of tax preference under Section 57 of the Code. Gibbons P.C., Bond Counsel to the Authority, has relied upon the representations of the Authority and the County made in the tax certificate and the Lease Agreement and has assumed continuing compliance by the Authority and the County 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 County observe their covenants with respect to continuing compliance with the Code, Gibbons P.C., Bond Counsel to the Authority, is of the opinion that, under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds 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 the 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.

Tax Treatment of Original Issue Discount

The initial public offering price of certain of the Bonds (the “Discount Bonds”) is less than the amount payable on such Bonds at maturity. The difference between the initial public offering price of the Discount Bonds of each such year as set forth on the inside front cover of this Official Statement and the amount payable at maturity of the Discount Bonds of such year, is original issue discount. Bond Counsel is of the opinion that the accrued portion of the original issue discount will be treated for Federal income tax purposes as interest excludable from gross income under Section 103 of the Code to the same extent as stated interest on the Bonds.

The amount of original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder of the Discount Bonds. Under Section 1288 of the Code, original issue discount on the Discount Bonds accrues on the basis of economic accrual and, in the case of an original holder of the Discount Bonds who purchases at the initial public offering price of such Discount Bonds, the amount treated as interest on the Discount Bonds excludable from gross income under Section 103 of the Code is the sum of the daily portions of the original issue discount attributable to the Discount Bonds for each day during the taxable year that the owner holds such Discount Bonds.

Purchasers of any Discount Bonds, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discount Bonds.

Tax Treatment of Original Issue Premium

The initial public offering price of certain of the Bonds (the “Premium Bonds”) is greater than the principal amount of such Bonds payable at maturity. An amount equal to the excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the Premium Bond’s

yield to maturity. As premium is amortized, the purchaser's basis of such Premium Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on the sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Premium Bonds.

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of, accrual of, 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. Prospective purchasers of the Bonds should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinions 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, and interest on the Bonds being included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under 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.

State Taxation

Bond Counsel is of the opinion that, under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Miscellaneous

Amendments to Federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Bonds, the exclusion of interest on the Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Bonds or any other date, or that such changes will not result in other adverse Federal or state tax consequences.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS.

APPROVAL OF LEGALITY

All legal matters incident to the authorization, issuance and delivery of the Bonds are subject to the approval of Gibbons, P.C. Newark, New Jersey, Bond Counsel to the Authority, whose approving legal opinions substantially in the form included as Appendix E hereto will be delivered with the Bonds. Certain legal matters will be passed upon for the Authority by its General Counsel, Rainone Coughlin Minchello, LLC, Iselin, New Jersey. Certain legal matters will be passed upon for the Underwriter by its Counsel, Cleary Giacobbe Alfieri Jacobs, LLC, Oakland, New Jersey. Certain Legal matters will be passed upon for the County by its County Counsel, Bruce H. Bergen, Esq., , and by its County Bond Counsel, Rogut McCarthy LLC, Cranford, 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. The rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

RBC Capital Markets, LLC (the “Underwriter”) has agreed to purchase the Bonds from the Authority, subject to the terms of a Bond Purchase Contract dated the date of this Official Statement among the Authority, the County and the Underwriter, at a price of \$115,895,220.95 for the Bonds (the “Bond Purchase Price”). The Bond Purchase Price reflects the par amount, plus a net original issue premium of \$6,798,445.95 and less an Underwriter’s discount of \$548,225.00. The Underwriter intends to make a bona fide public offering of the Bonds at the initial offering yields set forth on the inside cover page of this Official Statement. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at yields higher than the initial offering yields set forth on the inside front cover page hereof, and such initial offering yields may be changed from time to time by the Underwriter without notice.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority and/or the County. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate

independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority and/or the County.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Authority with respect to the issuance of the Bonds (the “Municipal Advisor”). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

RATING

Moody’s Investors Service, Inc. (“Moody’s”) has assigned the Bonds the rating of “Aaa”. Such rating reflects only the view of Moody’s as of the date of issuance of the Bonds and an explanation of the significance of such rating may be obtained from Moody’s at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300. There is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely by Moody’s if, in the judgment of Moody’s, circumstances so warrant. Any revision or withdrawal of the ratings may have an adverse effect on the market price or marketability of the Bonds.

SECONDARY MARKET DISCLOSURE

In connection with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Authority has determined that it is not an “obligated person” as defined therein. Nevertheless, the Authority has determined that the County is an “obligated person”. Therefore, in order to assist the Underwriter in complying with Rule 15c2-12, the County and Phoenix Advisors, LLC, Bordentown, New Jersey (“Phoenix Advisors”) have entered into a continuing disclosure agreement to be dated as of April 1, 2024 (the “County Continuing Disclosure Agreement”), and the Authority and Phoenix Advisors have entered into a continuing disclosure agreement to be dated as of April 1, 2024 (the “Authority Continuing Disclosure Agreement”, and together with the County Continuing Disclosure Agreement (the “Continuing Disclosure Agreements”). See “APPENDIX C – FORM OF THE GENERAL BOND RESOLUTION, LEASE AGREEMENT AND THE CONTINUING DISCLOSURE AGREEMENTS”, herein.

Pursuant to the County Continuing Disclosure Agreement, the County will be obligated to provide notice of certain enumerated events specified therein, certain financial information and operating data relating to the County, including, without limitation, audited financial statements.

The County has previously entered into continuing disclosure undertakings under Rule 15c2-12. The County appointed Phoenix Advisors to serve as continuing disclosure agent to assist

in the filing of certain information on the MSRB's (as such term is defined in the County Continuing Disclosure Agreement) Electronic Municipal Market Access Dataport, as required under its obligations. Some past County filings were not properly linked to certain Union County Improvement Authority and Union County Utilities Authority transactions for which the County was or is an obligated party. Such filings associated with currently outstanding bond issues and continuing disclosure agreements have since been corrected.

Pursuant to the Authority Continuing Disclosure Agreement, the Authority will agree to provide in a timely manner to the MSRB (as such term is defined in the Authority Continuing Disclosure Agreement) notice of certain enumerated events specified therein. The Authority appointed Phoenix Advisors to serve as continuing disclosure agent to assist in the filing of certain information on the MSRB's Electronic Municipal Market Access Dataport, as required under its obligations. The Authority has taken steps to ensure timely filing of event notices on a going forward basis.

INDEPENDENT AUDITORS

The financial information appearing in Appendices A and B hereto has been provided by the County, and the information referred to therein as "audited" is excerpted from the audited financial statements prepared by the Independent Auditors on behalf of the County.

RISK FACTORS

Climate

The State of New Jersey is naturally susceptible to the effects of extreme weather events and natural disasters including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the County as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the County.

Cyber Security

The Authority and the County each rely on a complex technology environment to conduct their respective various operations. As a result, the Authority and the County face certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on their computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Authority and the County have each invested in multiple forms of cybersecurity and operational safeguards. In addition, the Authority and the County maintain certain insurance coverage for cyberattacks and related events.

INFECTIOUS DISEASE OUTBREAK-COVID-19

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock Federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law assembly Bill No. 5820 which terminated most of the Governor’s pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. See <https://Covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor’s various executive orders.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020, c. 74 (“Chapter 74”) on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year’s operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The County’s finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the County’s primary revenue source for supporting its budget. The County cannot predict costs associated with a potential infectious disease outbreak

like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support County functions and critical government actions during an outbreak, or any resulting impact such costs could have on the operations of the County. However, as of the date hereof, even though the County's finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the County have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the County cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the County and its economy. The County is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

On March 27, 2020, the Federal Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law by then President Trump, authorizing \$2 trillion in Federal funds to provide emergency assistance and health care response for individuals, families and businesses affected by the pandemic. The County received funding in 2020 under the CARES Act in the amount of \$109,848,723.13, and said funds shall be used by the County to help mitigate the impact of the pandemic on the County and its constituent local government units.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$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 Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the County.

Based on available information as of the date hereof, the County is expected to receive approximately \$130,591,801.00 from the Plan. Such funds are expected to be received in two equal payments, one within 60 days of enactment of the Plan and the balance no earlier than 12 months from the initial payment. The deadline to obligate the funds is December 31, 2024 and spend by December 31, 2026.

Generally, according to the Plan, the allowable use of the funds to be provided to the County include the following categories:

- To respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or

- aid to impacted industries such as tourism, travel, and hospitality; and
- To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the County that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; and
- For the provision of government services to the extent of the reduction in revenue (i.e. online, property or income tax) is due to the public health emergency relative to revenues collected in the most recent full fiscal year of the county prior to the emergency; and
- To make necessary investments in infrastructure, including roads, water, sewer or broadband infrastructure.

The County has received the full amount of the relief funds under the Plan in the amount of \$130,591,801.00. It intends to utilize some of the funding to continue with COVID-19 testing, vaccinations, food distributions and assisting small businesses. The additional uses of the funds is still to be determined.

APPENDICES

Appendix A to this Official Statement consists of certain general information concerning the County, which has been provided by the County from public documents of the County and from other public or official documents or publications which are referred to therein. Neither the Authority nor the Underwriter have confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

Appendix B to this Official Statement contains certain financial information concerning the County. Neither the Authority nor the Underwriter have confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

Appendix C to this Official Statement contains a form of the General Bond Resolution, the Lease Agreement and the Continuing Disclosure Agreements.

Appendix D of this Official Statement consists of the form of the Guaranty Agreement securing the Bonds.

Appendix E of this Official Statement consists of the form of approving legal opinion of Gibbons, P.C., Bond Counsel to the Authority for the Bonds. Copies of such opinion will be available at the time of delivery of the Bonds.

MISCELLANEOUS

Certain portions of the information herein are summaries of certain provisions of the Act, the Bond Resolution, the Lease Agreement, the County Guaranty, the Guaranty Agreement and the Continuing Disclosure Agreements. 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 in their final form, copies of which will be on file and available for examination at the offices of the Authority or the Trustee.

Any statements which are contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and 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 Underwriter or the holders of the Bonds. 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 execution and delivery of this Official Statement have been duly authorized by the Authority.

UNION COUNTY
IMPROVEMENT AUTHORITY

By: /s/ Christopher Kolibas
Christopher Kolibas, Chairman

Dated: April 11, 2024

APPENDIX A

CERTAIN DEMOGRAPHIC AND ECONOMIC INFORMATION CONCERNING THE COUNTY

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

General Information

The following is a brief description of economic factors affecting the County including information concerning population, employment, commercial activity, construction activity and general economic conditions.

The County was incorporated in 1857, and is a suburban political subdivision located in the northeast portion of the State. It is located within the New York Metropolitan Region and along the Boston-Washington Corridor, which is the area of the heaviest accumulation of population and industry in the nation. The County is bounded by Essex County to the north, Morris and Somerset Counties to the west, Middlesex County to the south, and the Arthur Kill to the east. The County comprises an area of about 103 square miles. It is unique in its economic diversification due to its location and excellent infrastructure, including a system of Interstate and State Highways, rail lines, and one of the largest container terminals in the world. Newark Liberty International Airport, located in both Union and Essex counties, is one of the region's busiest airports.

Population

The Union County population based on 2020 United States Census data is 575,345 which represents an increase of 7.24% compared to the County's population in the 2010 Census. The County population compared to the State Population in the same comparative period shows the County's population increasing by 1.58% higher rate compared to the overall state which is attributable to the urban and suburban nature of the County. Union County, based on 2022 population estimate program data from the U.S. Census, is about 1% less than the 2020 US Census population data. The State of New Jersey's estimated population for 2022 compared to the 2020 Census Data shows an increase of about half a percent. Based on 2022 US Census population estimates, the County population density is 5,539.7 persons per square mile which is about one percent lower compared to 2020 Census data County population density. The New Jersey 2022 estimated population density, based on Census Estimated data, is 1,259.3 persons per square mile or about 22.74% of the County's population density. The median age of County residents is 39.4 years compared to median age of 40.4 years for New Jersey residents based on 2022 American Community Survey data, US Census Bureau.

The County has 21 municipalities consisting of five cities, eight townships, seven boroughs and one town. According to the 2020 Census, the population of these municipalities ranged from Winfield at 1,423 persons to Elizabeth at 137,298 persons. According to the 2022 American Community Survey Census data, the population for the two aforementioned municipalities is 1,518 persons in Winfield and 134,274 persons in Elizabeth which reflects an increase of 6.7% and 2.2% population decrease, respectively, compared to 2020 Census data.

Population Comparison

The following is a table of the population trend of the County, the State and the United States.

Year	Union County	New Jersey	United States
1930	305,209	4,041,334	123,203,000
1940	328,344	4,160,165	132,165,000
1950	398,138	4,835,329	151,326,000
1960	504,255	4,076,412	179,323,000
1970	543,116	7,168,164	203,213,000

1980	504,094	7,364,158	226,504,025
1990	493,819	7,730,188	248,709,873
2000	522,541	8,414,350	281,421,906
2010	536,499	8,791,894	308,745,538
2015*	548,744	8,904,413	316,515,021
2016*	550,436	8,915,456	318,558,162
2017*	563,892	8,888,543	327,147,121
2018*	558,067	8,908,520	327,167,439
2019*	556,341	8,882,190	328,239,523
2020	575,345	9,288,994	331,449,281
2021*	571,963	9,267,130	331,893,745
2022*	570,417	9,260,817	333,271,411
2023*	572,726	9,290,841	334,914,895

Source: US Census Bureau; 2020 Census; * US Census - American Community Survey Population Estimates - July, 2023.

Economic Development

One of the key responsibilities of the Department of Economic Development is to work toward strengthening Union County's economy and positioning the County to compete in a global marketplace by stimulating and creating new jobs, retaining existing businesses, and facilitating economic growth and development in partnership with public/private sectors.

To meet these goals, the Board of Commissioners is committed to a skilled workforce, availability of resources for business owners/managers to help them succeed in a challenging economy, and the development of strong partnerships with key local stakeholders in business and higher education. This commitment is evidenced by:

- The “Union County Means Business” initiative is a continuing series of networking breakfast programs designed to connect the business community with government resources and information to foster growth and job creation. Since its inception in 2012, thousands of members of the business community have gained information on such topics as financing, workforce training, public-private partnerships, e-commerce, and the Affordable Care Act.
- The Union County Women Mean Business (UCWMB) event evolved from the Union County Means Business initiative. This annual UCWMB Summit takes place in the Spring at the Galloping Hill Golf Course. This highly participated event brings together over 250 women from Union County and neighboring areas. It provides a valuable platform for networking, mentorship, resource acquisition, exchanging of ideas, addressing challenges, empowerment, and honoring successful women in business.
- The Union County Workforce Investment Board (WIB), which reviews and approves all applications for government funding of workforce training programs in both private and public sectors, develops overall plans for coordination of workforce training programs receiving government funding. They work closely with area businesses and institutions of higher learning to develop training programs in high demand employment areas helping both unemployed/underemployed residents and growing area businesses.
- The Union County College Industry Business Institute works alongside the County to develop workforce training, continuing education and curriculum to address the needs of the County’s diverse population.

- The Union County Economic Development Corporation, a private, non-partisan organization and strategic Union County partner, specializes in business retention and expansion activities such as technical assistance services to small and medium sized firms. They also offer extensive training in many areas such as procurement, providing significant growth opportunities for area businesses.

The County, together with its municipalities, has completed several economic development projects over the years such as the Midtown Elizabeth Parking/Mixed Use Facility which provides 1500 parking spaces in the Midtown area serving retail customers, government employees and Union County College students and staff. This parking facility was constructed and became fully operational at the start of 2012. This parking facility was developed by the Elizabeth Parking Authority in cooperation with Union County, the Elizabeth Development Corporation and the City of Elizabeth. Besides creating an aggregated parking facility, one of the other key objectives of this collaboration was to free up former parking areas for redevelopment. One example is the newly constructed County Family Court Building on Rahway Avenue and Cherry Street in Elizabeth opened in 2017.

The County also collaborated with the City of Elizabeth to secure Federal Recovery Zone Facility Bonds to help retain and expand the Wakefern Facility which broke ground in May 2012 and opened for operation on April 18, 2014. The County, City and State helped secure \$44 million in Facility Bonds and the City of Elizabeth added \$2.5 million in a low-interest loan through its Urban Enterprise Zone. The project replaced a 491,775 square foot warehouse with a “state-of-the-art” 524,000 square foot warehouse. This project helped retain 345 employees and will add approximately 350 jobs over the next twenty years. The total project cost is over \$70 million. The County helped recruit people to fill 500 full-time positions at the new 495,000 square foot warehouse for the meal kit delivery company, Blue Apron, located in Linden. The Blue Apron warehouse opened in April 2017 and brought 2,000 employees to its Linden facility.

Employment

Based on New Jersey State Department of Labor and Workforce Development (DOL) for December 2023 data, the estimated labor force for the County of Union is 294,100 compared to the State’s labor force of 4,819,800. The County of Union had an estimated unemployment rate of 4.7% compared to the State of New Jersey’s rate of 3.1% for the same time period. This unemployment rate when compared to 2022 data represents about a 1.4% increase in unemployment for Union County and a 1.4% increase in the State of New Jersey unemployment rate. Based on the December 2023 unemployment data, Union County had 13,900 unemployed persons while the State had about 215,700 unemployed persons which is mainly attributable to a correction in the market as increased employment over the past couple of years has slowed down.

Based on a press release from DOL, dated January 20, 2022, New Jersey had recovered 561,200 jobs or 78 percent of the jobs lost from March-April 2020 as result of the Covid-19 Pandemic. This report identifies eight out of nine major private sectors that account for the employment gains, including sectors, such as, leisure and hospitality (+3,800), manufacturing (+2,700), and construction (+1,900). Funding relief for states from the Federal Government has assisted small businesses and general population to weather the related Pandemic impacts to the state and Local economies. The post pandemic period has seen most of the jobs lost return as a result of a strong economy in the state and country.

Businesses in the County

The County of Union has a diverse business base and population. The County's major businesses includes pharmaceutical with companies, such as, Merck and Celgene and a major port (Port of Elizabeth and Newark) facility with a variety of companies that provide a significant number of jobs in a variety of fields including warehousing, shipping, trucking, rail, air cargo, and related businesses, such as, aviation support and associated maintenance. Other major businesses include warehousing, light industrial, and commercial. Major employers in the County also include medical facilities, government, and higher education facilities.

The business with the most employees, based on the 2023 Major Employers Report by the Union County Economic Development Corporation (UCEDC), in the County is Merck with approximately 6,000 employees in various labs and offices in Kenilworth and Rahway. Due to market changes, Merck facilities in Union Township and Summit closed in 2014. These closings were offset by Merck's decision to relocate its headquarters from Hunterdon County to Kenilworth. It was announced in the Spring of 2020 that Merck intends to consolidate its campuses and move its New Jersey operations to a single Rahway headquarters by the end of 2023. As of January 1, 2024, Merck occupies just one building in Kenilworth. Onyx Equities LLC and Machine Investment Group which acquired the 108-acre campus in late 2023 announced it will collaborate with Outshine Properties on the renovation and leasing strategy of the site. The new owners intend to create a high-tech life sciences hub, especially for businesses working in biomanufacturing. The former Summit location of Merck was acquired by biopharmaceutical company, Celgene, which was subsequently acquired by Bristol Myers Squibb in the Fall of 2019. Another major employer in the County includes Nokia (formerly Alcatel-Lucent) in New Providence which recently sold its property to Vision Real Estate Partners and Woodmont Properties. The new owners are expected to announce their plans for the property in the Spring of 2024. Nokia will leave its New Providence headquarters over the next five years and relocate to a state of the art facility in New Brunswick. Other major employers include Maher Terminals in Elizabeth; Children's Specialized Hospital in Mountainside; Kean University in Union; Union County College in Cranford, Elizabeth and Plainfield; Summit Health in Berkeley Heights; Trinitas Regional Medical Center, in Elizabeth; and Overlook Medical Center in Summit.

Industrial, Commercial, & Office Price Per Square Foot

Property Type	Price per Square Foot		Town	High & Low For Associated Towns
	Lease (\$)	Sale (\$)		
Industrial	-----	330+	Rahway	High
	-----	90+	Elizabeth	Low
	30	-----	Linden	High
	<10	-----	Elizabeth	Low

Office	-----	480	Union	High
	-----	110	Elizabeth	Low
	145	-----	Westfield	High
	15	-----	Linden	Low
Retail	-----	540	Westfield	High
	-----	90	Elizabeth	Low
	70	-----	Union	High
	15	-----	Linden	Low

2023 UCEDC – Union County Real Estate Report

State and County offices in Elizabeth along with County Municipal government agencies are large employers in the County. The following tables and lists outline leading businesses, industrial parks, and office parks in the County. Also included is a list of major commercial development and public improvement projects proposed throughout the County.

LEADING COUNTY PRIVATE BUSINESSES

Firm	Location	Nature of Business	# of Employees
Merck & Co.	Kenilworth, Rahway	Pharmaceuticals	6,000
Overlook Hospital	Summit	Hospital	5,000
Trinitas Hospital	Elizabeth	Hospital	3,000
Blue Apron	Linden	Meal Service	2,343
Phillips 66	Linden	Refinery	1,000
Summit Medical Group	Various	Medical	1,000
Nokia	New Providence	Telecommunication	1,800

Source: Major Employers Report, UCEDC, 2023

Industrial/Office Parks

Liberty Hall Corporate Center

Morris and North Avenues, Union; managed by Colliers International

Connell Corporate Park I - IV

200 Connell Drive, Berkeley Heights; managed by Connell Realty and Development Co.

Cranford Business Park I and II

14-25 Commerce Drive, Cranford, and 65 Jackson Drive, Cranford, Signature Acquisitions

Cranford Office and Industrial Park

Commerce Drive, Cranford; managed by Signature Acquisitions

Morris Plaza I and II

Morris Avenue, Union; managed by M. Alfieri Co.

Murray Hill Office Park

South St. & Central Ave., New Providences; managed by Signature Acquisitions

Office Evolution – Clark

100 Walnut Avenue, Clark, managed by Office Evolution

Office Evolution – Summit

350 Springfield Avenue, Summit, managed by Office Evolution

Source: Union County Economic Development Corporation (UCEDC) – Union County, NJ Profile 2023

UNION COUNTY MAJOR COMMERCIAL AND PUBLIC DEVELOPMENT PROJECTS

Municipality	Project Name	Value in Million \$	Jobs	Status
Berkeley Heights	The District	400	n/p	In Progress
Clark	L’Oreal New Research & Development Center	200	n/p	In Progress
Clark	52 Westfield Avenue (Old A&P)	30	n/p	Proposed
Cranford	Walnut Ave & Chestnut Street	n/p	n/p	In Progress
Elizabeth/Newark	Terminal A Redevelopment	2.7 B	1,000	In Progress
Elizabeth	General Hospital – Mixed Use	85	n/p	In Progress
Elizabeth	Vinty-Faros-Mas, LLC - Mixed Use	100	n/p	Completed
Garwood	Vermella at Garwood Station – Mixed Use	n/p	n/p	In Progress
Garwood	2 North Avenue – Mixed Use	1.3	n/p	In Progress
Linden	Legacy Development (Former GM)	550	2,400	In Progress
Linden	Linden Logistics Center	n/p	n/p	In Progress
Linden	Merida at 1001 West Elizabeth – Mixed Use	90	n/p	In Progress
New Providence	PBK44 NP LLC	n/p	n/p	Proposed
Plainfield	701 West Seventh Street	5	n/p	Proposed
Plainfield	719-731 West Front Street	3.5	16	Proposed
Plainfield	216-232 Front Street Offices	4.8	12	Proposed

Plainfield	The Bank on the Park	4.8	16	Proposed
Plainfield	101-209 West Second Street Commons	5	16	Proposed
Roselle Park	County Educators Fed Credit Unit	4.8	n/p	In Progress
Roselle Park	Fermmoor Homes-Urban Renewal	14.3	n/p	In Progress
Roselle Park	Meridia at Park Square	140	n/p	In Progress
Springfield	The Metropolitan	50	20	In Progress
Union Township	Centurion Union Center	n/p	n/p	In Progress
Westfield	440 North Avenue E LLC	1.4	n/p	Proposed
Westfield	Greene Building	1.4	n/p	Proposed

Source: UCEDC Major Development Report, 2023 Notes: n/p

– not provided

Housing

The housing market based on 2022 U.S. Census Bureau American Community Survey (ACS) data notes that Union County has 211,919 housing units with an ownership rate of 57% which is 8% less than the State homeownership rate of 65%. The County has 202,575 households with 2.81 persons per household which is slightly higher than the State's 2.63 persons per households based on 2022 Census Bureau data. The median value of owner-occupied housing units is \$499,700 for Union County while the State's median value is lower at \$428,900 based on 2022 ACS data.

Transportation

The economy of Union County is centered upon its strengths in its diverse labor force, regional location and transportation access. The County is a major transportation nexus, served by eight railroad lines and major highways such as the NJ Turnpike, the Garden State Parkway, Interstate Highways 78 and 278, and US Routes 1 & 9. The County has 1,427 miles of roads and 170 miles of these roads are County roads. The County has two airports; Newark Liberty International Airport (partially in Union County and one of the largest airports in the country with extensive domestic and international destinations) and Linden Airport (provides local aviation and helicopter support). Newark Liberty Airport's international service also includes non-stop service to major Asian and European cities. The Port of New York and New Jersey serves as a significant employment center and hub for freight in the region with access to the waterways, access to major highways in Elizabeth/Newark area, access to Newark Liberty International Airport and railways within the County's boundaries.

The sections below outline transportation related services and activities that relate to Union County as follows: Port Activity, Airport, Rail, Bus, Roadways and transportation improvement projects.

Port Activity

The Port of New York and New Jersey (PONYNJ) is the largest port on the East Coast of North America, third largest in the nation and a major creator of jobs and economic activity. Based on 2019 activity, it supports more than 506,000 regional jobs, and generates more than \$36.1 billion in personal income, \$99.5 billion in business income and close to \$22 billion in local, state and federal tax revenues. Through an integrated freight network with more destinations than any other US port, this gateway serves 28 million consumers in the immediate vicinity and approximately 106 million more within a 36-hour reach.

The PONYNJ is a landlord port with tenants in many sectors of the maritime industry including: container terminals, auto processing centers, liquid and dry bulk entities, warehousing operations, truck depots, intermodal rail facilities, cruise terminals and the region's only dry dock facility. The Port of Newark/Elizabeth has 41,000 linear feet of berthing space and accommodates 3,700 vessels per year.

The Port Authority's Port Department manages approximately 3,000 acres of maritime waterfront property dispersed throughout the New York Harbor, located within the two states over five counties and six municipalities and facilitates the transport of billions of dollars in cargo that move through those facilities. The port facilities include six container terminals, four on/near dock rail terminals, chassis and container depots, warehousing and distribution space, bulk cargo facilities, automobile receipt, delivery and processing facilities and other port support services.

Through year end 2022, the Port handled 9,493,664 - 20-foot equivalent units (TEUs) and captured over 33.7% of the North American East Coast market share. Full year 2022 was a record-breaking year for the Port with cargo volume up 5.7% over 2021. The Port is equipped to deal with virtually every type of cargo, including vehicles, containers, liquid and dry bulk loads, and much more. Also, through year end 2022, auto volumes were at 444,129 units, a decrease of 5.6% from the same period in 2021. The total value of all cargo handled in 2022 was approximately \$271 billion, a 16.8% increase over 2021.

ExpressRail, the Port Authority's ship-to-rail system, handled 706,774 lifts through December 2022, representing a .03 percent decrease over 2021. ExpressRail accounts for approximately 13.5% of all container lifts at the Port through December 2022. The Port Authority's goal is for the ExpressRail system volume to be equivalent to 50% of overall system capacity by 2025. To achieve this goal, the agency has invested more than \$600 million in its intermodal rail infrastructure – including the ExpressRail Elizabeth intermodal rail facility – the first of four rail terminals in the Port's ExpressRail network which has the capacity for 1.5 million rail lifts a year. Getting goods into the hands of consumers as quickly as possible through an efficient and reliable transportation network is the cornerstone of the port's competitive edge with global markets. ExpressRail enhances service reliability and operational efficiency, improves the environment and reduces congestion, generates jobs and economic activity, increases access to inland cargo markets and helps capture a higher percentage of East Coast market share.

In June 2017, the Bayonne Bridge "Raise the Roadway" Project was completed seven months ahead of schedule. The bridge raising project enables today's larger, more efficient and more environmentally beneficial container ships to pass beneath the Bayonne Bridge when traveling to Port Newark and Elizabeth - Port Authority Marine Terminal and Howland Hook, Staten Island. The U.S. Coast Guard certified the bridge's new navigational clearance at 215 feet, equivalent to the Verrazano-Narrows Bridge, from previous 151 feet– allowing vessels up to 18,000 TEUs from previous maximum of 9,500 TEU vessels to travel underneath it to port terminals. In 2022, 23% of vessel calls would have been unable to transit under the Bayonne Bridge prior to the raising of the bridge.

Newark Liberty International Airport – Passenger and Cargo Activity

Newark Liberty International Airport (NLI) continues to rebound from Covid-19 Pandemic with respect to passenger and cargo volumes. NLI had over 29 million passengers in 2021, which represents an 82.7% increase compared to 2020 but still 62.7% less compared to the record number of passengers in 2019 pre-Covid 19 Pandemic of 46,336,452 passengers based on the 2021 Port Authority's Airport Traffic Report. According to this report, NLI in 2021 handled 792,514 short tons of freight and 58 tons of mail.

In 2021, domestic freight tonnage experienced an annual increase of 6.3% compared to 2020, while international freight tonnage had a significant increase of 34% likely due to lessening Pandemic issues, manufacturing backlogs, and easing of supply/material shortages.

In 2021, the airport generated about \$29.3 billion of economic activity in sales, as well as \$10.8 billion in wages to the metropolitan region and had an annual total airport employment 19,247 workers which represents an 11.3% increase compared to 2020. The overall number of full-time jobs supported by Newark International Airport is 128,329 jobs based on the 2021 Air Traffic Report. The Port Authority broke ground in 2017 with an investment of \$2.7 billion to replace Terminal A with connections to future Terminal 1 which opened recently. The new one million square foot Terminal A features 33 common use gates. A new parking facility will offer 2,700 public parking spaces and 3,360 rental car spaces to support 10 rental car businesses.

In 2019, the Port Authority Board authorized \$2.05 billion to build a new Airtrain at the airport. Newark Liberty International Airport's AirTrain system provides connections to NJ Transit and Amtrak rail links for connections between the airport and New York City, Philadelphia, points across New Jersey, and destinations beyond. Thousands of daily riders also use AirTrain Newark to travel between passenger terminals and to connect to parking lots and rental car areas. In 2021, the number of passengers who accessed NLI airport by New Jersey Transit and AirTrain totaled 6,095,155 and 116,483 passengers accessed the airport by Olympia Trail buses.

Linden Airport

In addition to Newark Liberty International Airport, the County has one local general aviation airport in Linden. In recent years, this airport had been redeveloped with totally new facilities (i.e., FBO hangar, Tee hangars, fuel farm, etc.). The Linden Airport hosts approximately 43,000 flights per year or about 120 flights per day. The airport consists of a 188 acre facility with one (two direction) runway, at a length of 4,137 feet. This airport is the home base for approximately 143 aircraft, including a number of area television station helicopters and private airplane services.

Freight Rail Service

In addition to passenger rail services, there is rail freight service on the four passenger train routes and other lines provided by CONRAIL Shared Assets Organization (CSAO), making up a total of approximately 53.58 miles of railroad right-of-way traversing the County. This rail switching company is a joint venture of Norfolk Southern Corporation and CSX Corporation. Thus, Union County businesses have access to both of these major rail freight systems. In addition, the Canadian Pacific Railroad has intermodal freight facilities in nearby Essex County that are available to Union County businesses. In the port district, the Port Authority of New York and New Jersey continues improving its on-dock rail terminals, port equipment and services it provides in the Port Elizabeth area.

Fourteen miles of non-service rail freight lines (former Rahway Valley and Staten Island Railroads) within the County were purchased by the State of New Jersey Department of Transportation in 1994 for potential future freight activity. Union County took responsibility for these lines with cooperation from NJDOT in 2000 and contracted a rail company to reactivate freight service on these lines in order to foster economic development along these corridors. Parts of the Staten Island Railroad section of the line were refurbished. The County continues to maintain the two freight lines but the project has been placed on hold by NJDOT. Attempts by DOT to find a new rail company to complete and operate these lines have not materialized and the County's contract for these rail lines with NJDOT will expire before the end of July 2023. These rail lines would have helped adjacent businesses move and receive products however in the end the lack of support by the State and local opposition helped diminish the viability of the project. NJDOT is considering the use of parts of these former freight lines for pedestrian and bicycle recreation with associated municipalities in the County.

Passenger Rail Services

Union County is served by four major rail passenger lines that are operated by NJ Transit Corporation, the nation's first statewide mass transit operating authority. These are the Northeast Corridor Line (NEC), North Jersey Coast Line (NJCL), Raritan Valley Line (RVL) and the Morris and Essex Line (M&E), the latter of which is composed of the Morristown Line and the Gladstone Branch.

Improvements to the rail system that have already been made or are being engineered directly benefit the County. The communities of Summit, New Providence and Berkeley Heights on the Morris & Essex Line (M&E) have a direct ride into New York City as a result of the Kearny Connection completed in 2004.

This is in addition to Elizabeth, Linden and Rahway along the Northeast Corridor Line (NEC) which has an existing connection to Newark/New York. The Raritan Valley Line began offering 12 "one seat" rides a day during off peak hours in January 2015 which is an expansion of the one seat rides offered since 2014 along this rail line.

The areas around several train stations are undergoing upgrades. Rahway and Midtown Elizabeth on the Northeast Corridor Line (NEC) and Cranford on the Raritan Valley Line are among only nineteen statewide to receive designation as Transit Villages from the NJ Department of Transportation. It is a program promoting mixed-used development of economic vitality in the area surrounding the stations. In 2007, the County completed a Transit Oriented Development Study funded by the NJ Office of Smart Growth. On the Northeast Corridor (NEC), the Rahway station improved its attraction to rail users when, in January 2005, the Rahway Parking Authority opened a 524-space garage. In Cranford and Garwood, multiple mixed use developments within a short distance of the associated rail stations have been completed or are under construction.

Union County residents along the Northeast Corridor, North Jersey Coast, Morris & Essex, and Raritan Valley rail lines have access through the Newark Penn Station and Secaucus Junction to New York City and Hudson County. Beginning in March 2014, one-seat ride service was available on the Raritan Valley Line on weekdays during off-peak hours. Hudson County can be accessed via connections at Newark Penn Station (e.g. PATH, Hudson-Bergen Light Rail, etc.). The Port Authority indicated it will explore the potential to extend the PATH into Union County. Secaucus Junction station also provides train passengers from Union County access to Passaic County, Bergen County, and New York City.

A new station in Union Township was successfully added to the Raritan Valley Line in 2003. The addition of the Union Township Station has attracted several housing development projects adjacent to the transit facility and Kean University. The City of Elizabeth and County of Union convinced New Jersey Transit to consider rebuilding the Midtown Elizabeth Train Station Area which initiated a study on the rail station by NJ Transit in 2011. The Elizabeth Midtown Train Station project by NJ Transit is projected to cost \$71 Million and was scheduled to start in 2019 and be completed by 2022. However, due to the Pandemic and general economy, this project is behind schedule. This project includes new train station buildings and associated platform improvements (now scheduled for reopening in the fall of 2024), but train service has remained in operation.

Based on New Jersey Transit data for average weekly passenger boardings for FY 2024's first quarter are shown in a below table for the three rail lines by associated stations in noted Union County municipalities:

Station Name	Rail Line	Average Weekday Boarding
Elizabeth	Northeast Corridor	2,810
North Elizabeth	NEC	663
Linden	NEC	1,761
Rahway	NEC	2,039
Cranford	Raritan Valley Line	667
Fanwood	RVL	518
Garwood	RVL	112
Plainfield Stations	RVL	847
Roselle Park	RVL	577
Westfield	RVL	1,239
Union Township	RVL	901
Berkeley Heights	Morris & Essex Lines	266
New Providence Stations	M&E	455
Summit	M&E	2,306

Source: New Jersey Transit, FY 2024 Weekday Ridership Data

Based on FY 2024 NJ Transit data, rail ridership shows a significant increase between 2023 and 2024 due to post Covid-19 Coronavirus Pandemic recovery. The four Union County rail stations on the Northeast Corridor experienced an increase in an average weekly ridership by 12.4% compared to 2023 as the region recovered from the Pandemic. The Raritan Valley Line (RVL) with eight Union County stations experienced a greater ridership increase of 21.8% as compared to the prior year while the Morris and Essex Line (M&E) with four stations in the County experienced 27.3% increase in ridership compared to the first quarter of 2023. In general, the number of rail passenger trips experienced in Union County has significantly increased as the region moves forward from the Covid-19 Coronavirus impacts to the general economy and to transit services. The overall increase in weekly rail passenger trip numbers for all three rail lines and stations that service Union County is promising and shows continued growth in the economy and employment in the region, as noted in the Economic section above, which will increase the demand for rail ridership and transit use in the near future.

Bus Service

The New Jersey Transit Corporation based on 2019 data operates 27 different bus routes, which includes three other carriers who operate additional routes in the County. These bus routes combine to have over 2,000 bus stops and serve all 21 municipalities in Union County. Based on NJ Transit's October 2023, 4th Quarter (July-Sept. 2023) report, bus routes generated a total of 14.4 million New York interstate passenger trips and 13.7 million North Jersey intrastate bus passenger trips, representing an increase of 26.1% and 14% respectively compared to the same period the prior year. The NY interstate bus passenger trips, based on the noted quarterly data, show an increase in ridership of 22.8 % for bus lines deriving from the Essex/Union/North Middlesex area over the last twelve months. Comparably the North Jersey intrastate buses in the Essex/Union/North Middlesex area show a 13.9% increase in ridership over the past twelve months. This increase in bus ridership may be attributable to improvements in the economy and post Pandemic impacts to the region.

Other bus services in the County include private bus lines and special buses to New York City, beach areas or Atlantic City for daily excursions. Specific shuttle routes such as the Township of Union provide residents access to the local rail stations. The Township of Cranford required the Woodmont Station (a recent 163-unit residential development) developers to provide a shuttle for residents needing rail station access. A previous pilot shuttle service continues to serve the retail center on Route 22 taking employees across the highway to prevent pedestrians crossing Route 22.

Major Roadways

Union County is served by the following regional arterial highways: the NJ Turnpike, the Garden State Parkway, Interstate Routes 78 and 278, United States (US) Route 22, US Routes 1 & 9, and New Jersey Routes 24, 27, 28, 82 and 439. These roadways serve Union County residents as the main means within and around the County for access to employment, schools, shopping, recreation and various other activities. The major roadways also provide access to the three main rail lines that traverse the County and provide easy access to New York City, Trenton, Philadelphia, and other major cities along the east coast as an alternate means to vehicle use on major roadways.

Major Transportation Projects

The County has conducted numerous studies with regard to transportation, safety and infrastructure deficiencies to address future transportation needs. These efforts have identified major transportation related opportunities noted below:

- North Avenue Corridor Improvements, Elizabeth- As part of the Kapkowski Road Transportation Planning Study concluded in October 2003 and the ongoing design work on the North Avenue Corridor Improvement (NACI) Project, a series of improvements will separate port destined traffic from those accessing the burgeoning commercial and retail development in the waterfront area of Elizabeth. The project received additional federal Transportation earmark funds, an allocation of the Liberty Corridor monies and support from the Port Authority of New York and New Jersey. The County continues to work with the Port Authority on moving this project forward.
- Tremley Point Access in City of Linden – In cooperation with the New Jersey Turnpike, this project will give direct truck access to over 400 acres of brownfields redevelopment for port and distribution related activities. Due to its close proximity to Port Elizabeth/Newark and Newark Liberty International Airport, it is anticipated that this area could accommodate over 4 million square feet of new distribution facilities. The construction of the Tremley Point Connector Road by the New Jersey Turnpike has received funds through the Liberty Corridor and the necessary environmental approval process is advancing. Union County continues to actively work with New Jersey Turnpike, City of Linden and other transportation agencies in relation to advancing the associated roadway improvements, connecting bridge, as well as, rail access and potential barge access to the Tremley Redevelopment Area. In association to this area a rail bridge is proposed by the Goodman North American Partners 2.8 million square foot warehouse building along Graselli/South Wood Avenue to improve access to this proposed facility in the Tremley Point area.

- Elizabeth Train Station – The recently started project would reconstruct the train station and associated platforms for a station that has 8,000 average weekday riders and annually more than 1 million passengers. This station would be constructed over a 4 to 5 year period costing approximately \$71 million. The grand re-opening is scheduled for the fall of 2024.
- Cross County Rail link – this would provide rail access from Midtown Elizabeth along the former CNJ rail line to a connection at the Raritan Valley Line in Cranford. The transportation access link would provide commuter’s access to the Northeast Corridor which has additional frequency and direct connections to New York City. NJ Transit is considering a Bus Rapid Transit (BRT) as an alternative to rail access along the Cross County right-of-way. The BRT would also include bicycle and pedestrian access adjacent to the dedicated bus lanes.

Utility Services

Three state regulated and investor-owned utility companies provide all electric and gas services to the residents of the County. Public Service Electric & Gas (PSE&G) provides the majority of the County’s electric needs. General Public Utilities serve the northwestern sector of the County, which includes Springfield, Berkeley Heights, New Providence and a portion of Mountainside. The Elizabethtown Gas Company provides gas service to a major portion of the County, while Plainfield, Springfield, Summit, Berkeley Heights, New Providence and a portion of Mountainside receive their gas service from PSE&G. Utility companies along with federal and state government have been offering incentives for personal and commercial/industrial facilities to incorporate solar systems to their properties to augment traditional energy resources.

The County’s water supply is furnished by investor-owned water companies, with the exception of the City of Rahway, which owns its own municipal water system, which is operated by Veolia North America, and the City of Elizabeth, which depends entirely on wholesale water purchase from outside sources. The three major water utility companies that directly supply water to customers in the County are Elizabethtown Water Company, New Jersey-American Water Company and the City of Rahway. During periods of low flow along the Rahway River, the City of Rahway occasionally purchases water from outside sources.

The treatment of sanitary sewerage in the County is presently handled on a regional basis. This method of collection and treatment affords the maximum economy to the participating municipalities. The following regional systems serve the County: the Joint Meeting of Essex and Union Counties, Rahway Valley Sewerage Authority, Plainfield Area Regional Sewerage Authority (customer of Middlesex County Utilities Authority), Linden-Roselle Sewerage Authority and municipally-owned systems that are located in, and provide service to, Berkeley Heights and New Providence.

Health Facilities

The County has seven hospitals located within its boundaries: Overlook, Trinitas, Robert Wood Johnson, Summit Oaks, Children’s Specialized Hospitals, and Runnells Specialized Hospital (“Runnells Hospital”). Runnells Hospital, located in Berkeley Heights, was formerly operated by the County of Union but is now operated by a private entity, however, the County of Union continues to operate the Cornerstone Behavioral Health Hospital of Union County (“Cornerstone”), located on the Runnells Hospital premises. Runnells Hospital is primarily a long- term and skilled nursing institution. Cornerstone is a 44-bed psychiatric facility. Children’s Specialized Hospital also operates an outpatient rehabilitation facility in the Borough of Fanwood. The Elizabeth area is served by Trinitas Hospital. The County is also home to about 20 extended/adult care/convalescent facilities and numerous surgical centers throughout the County. The County is also serviced by various municipal first aid and ambulance squads, including the Union County EMS, which has nine ambulances to assist the municipalities within the County with emergency response and first aid.

Privatization of Runnells Hospital

In 2012, Union County retained Complete HealthCare Resources-Eastern, Inc. (CHR) to study ways to enable Runnells Hospital to operate on a sustainable footing. CHR issued its report in January 2013, which concluded that due to declining Medicare and Medicaid reimbursements along with other significant factors, including decreasing occupancy rates and Medicare census, rising employee and operational costs, and capital expense requirements, the County should consider options for the continuation of Runnells. These options included revenue enhancements, expense reductions, and alternative ownership.

Based upon the conclusions and recommendations of the CHR Report, the County determined to explore transferring the Hospital operations to the Union County Improvement Authority ("UCIA") for the possible transfer of such operations to a third-party, while simultaneously evaluating methods of revenue enhancement and expense reduction. In 2013, as authorized by their respective governing bodies, the County and the UCIA entered into a Memorandum of Understanding; pursuant to which the UCIA undertook a Request for Qualifications and Proposals ("RFQ/P") process seeking a private provider that wished to purchase or lease the Hospital. The Review Committee obtained an independent appraisal of the Hospital which appraised value was determined to be \$26,000,000.

In February 2014, the proposers submitted their responses to the Review Committee. After several months of negotiations, the closing on the sale of the Hospital and the transfer and assumption of certain operations of Runnells Hospital took place on December 15, 2014. The Hospital was sold to Center Management Group, LLC ("Center") for \$26,000,000. The County of Union retained the operation of the Cornerstone Unit of Runnells Hospital under a ten (10) year lease with a subsidiary of Center: Runnells BH Operating, LLC. The unit has been renamed by the County as the Cornerstone Behavioral Health Hospital of Union County.

Pursuant to the lease agreement for Cornerstone, the County operates Cornerstone, while the landlord, Runnells BH Operating, LLC, provides the space and certain essential services necessary for the operation of Cornerstone. The County's costs, including the rental of the space and the essential services, fall within the State's reimbursement rate.

Educational, Recreational and Cultural Activities

The County's diversity of people, businesses and supportive systems servicing urban, suburban and rural communities is further strengthened by its educational, recreational and cultural assets. The County is the birthplace of many renowned scholars, athletes, inventors, researchers and statesmen. The history of the County is rich in elements of the early American foundation movements. Additionally, the County's proximity to New York City offers its residents the opportunity to enjoy a wide variety of the finest cultural resources in the world.

Education

Public:

Within Union County there are the following public local education agencies:

- 20 Regular Districts
- 5 Charter Schools
- 1 Vocational Technical School- (contains 6 high school/academies)
- 1 Educational Services Commission
- 1 Jointure Commission
- Rutgers Cooperative Extension

There are 28 local public education agencies. Each agency has individual school buildings in which services are provided to students. Union County services approximately 94,000 students through these local public agencies. Union County has 179 public school buildings (113 elementary, 29 middle schools, 37 four-year high schools).

Non-Public Schools:

There are 61 Non-Public schools located in Union County. Current enrollment status is not known for FY23. The grade span for non-public varies greatly. However, 15 service students between grade levels K-12 and the rest predominately service Pre-K to Eighth grades.

Private Schools for the Disabled:

Currently there are 8 Private-Schools for the Disabled ("PSD") in Union County, which provide services to NJ public student via tuition base paid by local education agency.

Source: Union County Superintendent of Schools 2024

Higher Education

- Kean University of New Jersey, Union Township provides undergraduate and graduate degree.
- Union College of Union County, NJ has campuses in Cranford, Elizabeth, Plainfield and Scotch Plains. Providing associate degree and certificate programs.
- Rutgers Cooperative Extension (RCE) of Union County provides educational programs for adults and youth through 3 departments: Family & Community Health Sciences, 4-H Youth Development and Agriculture/Resource Management and is one of twenty-one RCE county offices in New Jersey as "Rutgers in the County". Cooperative Extension is a nation-wide network of educators funded through: (1) the Farm Bill, (2) NJ Agricultural Experiment Station, School of Environmental and Biological Sciences (SEBS) at Rutgers University, New Brunswick, NJ along with local County Board of Commissioners. Cooperative Extension brings science-based education from Rutgers-New Jersey's Land-Grant University to the public in each county. In 2014 the Cooperative Extension System celebrated its 100th year in the U.S.

Institutes of Higher Education within 15 Miles

- Rutgers University, Newark and New Brunswick Campuses
- New Jersey Institute of Technology, Newark
- Bloomfield College, is now affiliated with Montclair State University, Upper Montclair
- Seton Hall University, South Orange
- Saint Elizabeth University, Convent Station
- Caldwell University, Caldwell
- Drew University, Madison
- Fairleigh Dickinson University, Madison

Source: Rutgers Cooperative Extension, 2024

Parks and Recreation

Union County's parks and recreation system is among the finest in the nation. Union County's Department of Parks and Recreation operates and maintains 38 park and recreation areas on approximately 6,400 acres of park land. Trailside Nature and Science Center located in the Watchung Reservation Mountainside includes interactive, state of the art exhibits and classrooms along with a new, award winning Sensory Trail for people with disabilities. The Watchung Stable in the Watchung Reservation offers 26 miles of bridle trails and can house 100 County and privately- owned horses. The Stable is equipped with indoor and outdoor riding rings, horse paddocks and offers lesson, camps, trail rides and more. Recently renovated, the Warinanco Sports Center in Roselle offers year-round sports activities including ice skating, soccer games and tournaments, batting cages, a café and 3 modern rooms for rent. Walter Ulrich Memorial Pool in Rahway and the John Russell Wheeler Spray Park in Linden provide summer fun for all. Two public golf courses – Ash Brook Golf Course in Scotch Plains and Galloping Hill Golf Course in Kenilworth/Union are two exceptional golf facilities within the County. Galloping Hill Golf Course includes a 43,000 square foot LEED Silver certified facility which includes a golf clubhouse, conference center and 300- person banquet facility along with a TaylorMade Performance Lab as part of the driving range at The Learning Center. In addition to an 18-hole golf course and par 27 pitch and putt course at Ash Brook Golf Course, the clubhouse houses a restaurant, pro shop, offices and locker rooms.

There are numerous historic landmarks and sites in the County, 65 of which are included in the National Register of Historic Places. The County-owned Deserted Village of Feltville in Berkeley Heights was selected in 1980 as a National Historic District. From the Merchants and Drovers Tavern in Rahway, a principal stop on the main stagecoach line between New York and Philadelphia during the era 1750 to 1850, to the Drake House in Plainfield, an 18th century farm house once frequented by George Washington, the County has American history, culture and diversification to appreciate.

The County of Union owns and leases a Performing Arts Center to the Union County Performing Arts Center, located in Rahway in the historic Rahway Theatre. The County restored the 1,300-seat facility in 1996 and more recently (2008) renovated the Orchestra/backstage area of the theatre. The UCPAC is in close proximity to the Rahway train station and easily accessible by major roadways. The Performing Arts Center provides live performances, educational, and entertainment for the County and region. The facility hosts a variety of events throughout the year including musical concerts, comedy shows, plays, ballets, children shows and holiday events.

The County is also in proximity to the New Jersey Performing Arts Center and Prudential Center, both in Newark, through various modes of transportation. The PNC Arts Center, in Holmdel, accessible via the Garden State Parkway, and the Meadowlands Sport Complex, in East Rutherford, by the New Jersey Turnpike, are further examples of the resources that surround the County that help to make the County an enjoyable and prosperous place to live, work and conduct business.

COUNTY INDEBTEDNESS AND DEBT LIMITS

Legal Framework

The Local Bond Law provides for the appropriation of funds for certain capital improvements and for the issuance of obligations of the County to finance such appropriations. Bonds of any issue must mature within the average period of usefulness of the items bonded. Serial payment of bond principal is required with no annual installment exceeding by more than 100% the amount of the smallest prior installment. A 5% cash down payment is generally required toward the financing of expenditures for County purposes. The County may sell short-term bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Bond anticipation notes are full faith and credit obligations of the County and may be issued for a period not exceeding one year and may be renewed from time to time for up to ten years. The County must begin to amortize such notes beginning in the third year and in each subsequent year. The installment payment that is required to amortize the notes is equal to the amount of the first legally payable installment on the bonds in anticipation of which the notes are issued. If the appropriate amortization is commenced in the third year and in each subsequent year, the notes must finally mature and be paid not later than the first day of the fifth month following the close of the tenth year next following the date of issuance of the original notes.

Debt Limits

The debt of the County is limited by the Local Bond Law to an amount equal to 2% of its equalized valuation basis. The equalized valuation basis of the County is set by statute as the average for the last three years of the equalized value of all taxable real property within its boundaries as annually determined by the State Board of Taxation for each of the three most recent years. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. The County is within its debt limit. As of December 31, 2023, the County's percentage of statutory net debt was 0.577%.

Although the rental payments under the lease agreements between the County and the Union County Improvement Authority with respect to the Correctional Facility project and other projects, including the Park Madison Building, Juvenile Detention Facility, County College Building, Child Advocacy Center and the Family Court Building are direct and general obligations of the County, payable from the levy of *ad valorem* taxes, the rental payments do not constitute "Debt" under the Local Bond Law. Even if such rental payments were considered "Debt" under the Local Bond Law, the County would still be within its debt limit. See "Authority Debt" herein.

Exceptions to Debt Limit – Extensions of Credit

The debt limit of the County may be exceeded only with the approval of the Local Finance Board, Division of Local Government Services (the “Division”) of the New Jersey Department of Community Affairs. If all or any part of the proposed debt authorization would exceed its debt limit, the County must apply to the Local Finance Board for an extension of credit. In considering the request, the Local Finance Board concentrates its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability of the County to meet the proposed obligations. If the Local Finance Board determines, pursuant to statute and regulation, that a proposed debt authorization would materially impair the ability of the County to meet its obligations or to provide essential services, approval would be denied.

Debt Statements

The County must report all new authorizations of debt or changes in previously authorized debt to the Division. The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year, the County must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the County as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowings. Even though the County’s authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

The following table shows the categories for which the County has issues general obligation bonds as of December 31, 2023. The County’s full faith and credit have been pledged for the payment of the principal of and interest on such indebtedness.

SCHEDULE OF BONDED INDEBTEDNESS AS OF DECEMBER 31, 2023

General County Purposes	\$276,335,000
College Bonds	44,540,000
Vocational School Bonds	<u>26,350,000</u>
Gross Bonded Debt	<u>\$347,225,000</u>

HISTORY OF BONDED DEBT RATIOS

YEAR	NET VALUATION	GROSS BONDED DEBT AS OF DECEMBER 31	GROSS BONDED DEBT TO NET VALUATION
2019	\$73,001,538,157	\$401,695,000	0.55%
2020	\$75,252,356,856	\$420,818,000	0.56%
2021	\$77,746,562,530	\$378,043,000	0.49%
2022	\$83,701,680,955	\$397,240,000	0.47%
2023	\$92,871,318,083	\$347,225,000	0.37%

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

YEAR	POPULATION*	GROSS BONDED DEBT AS OF DECEMBER 31	GROSS BONDED DEBT PER CAPITA
2019	536,499*	\$401,695,000	\$748.74
2020	575,345**	\$420,818,000	\$731.42
2021	575,345**	\$378,043,000	\$657.08
2022	575,345**	\$397,240,000	\$690.44
2023	575,345**	\$347,225,000	\$603.50

* - 2010 Census.

** - 2020 Census.

SCHEDULE OF COMPARATIVE DEBT

DATE	BONDS OUTSTANDING	BOND ANTICIPATION NOTES OUTSTANDING	AUTHORIZED NOT ISSUED	TOTAL
December 31, 2023	\$347,225,000.00	\$70,000,000.00	\$139,363,175.37	\$556,588,175.37
December 31, 2022	\$397,240,000.00	\$45,000,000.00	\$122,825,859.46	\$565,065,859.46
December 31, 2021	\$378,043,000.00	\$80,000,000.00	\$106,917,607.65	\$564,960,607.65
December 31, 2020	\$420,818,000.00	\$60,000,000.00	\$94,637,870.74	\$575,455,870.74
December 31, 2019	\$401,695,000.00	\$90,000,000.00	\$111,229,002.37	\$602,924,002.37

See also, Schedule of Debt Issued by Other Public Bodies and Guaranteed by the County.

STATUTORY DEBT AS OF DECEMBER 31, 2023

Gross Debt

Serial Bonds issued and outstanding	\$347,225,000.00
Bond Anticipation Notes issued and Outstanding	\$70,000,000.00
Authorized but not issued	\$139,363,175.37
Bonds Issued by other bodies and guaranteed by the County	\$74,724,582.00
Dam Restoration Loans	\$872,360.66

\$632,185,118.03

Statutory Deductions

Reserve to pay Serial Bonds & Notes	\$16,904,016.36
Cash on Hand to Pay Notes	\$17,251.53
Bonds issued by other public bodies and guaranteed by the County	\$74,724,582.00
Bonds issued and bonds authorized but not issued – Capital Projects for County Colleges	\$13,677,500.00

\$105,323,349.89

Net Debt

\$526,861,768.14

Equalized Valuation of Real Property

Year 2021	\$82,145,120,091.00
Year 2022	\$92,105,091,244.00
Year 2023	\$99,497,384,403.00

3 year average Equalized Valuation of Real Property **\$91,249,198,579.33**

Percentage of Net Debt of Equalized Valuation Basis **0.577%**

**Debt Issued by Union County Utilities Authority
And Secured by Deficiency Agreements with the County As of December 31, 2023**

Resource Recovery Facility Lease Revenue Refunding Bonds (Covanta Union Inc. Lessee-Series 2011 A) (AMT)	\$109,960,000.00
Solid Waste System Revenue Refunding Bonds (County Deficiency Agreement-Series 2011 A) (Tax Exempt)	\$47,245,000.00
Solid Waste System Revenue Refunding Bonds (County Deficiency Agreement -Series 2011 B) (Federally Taxable)	\$4,545,000.00
Total:	\$161,750,000.00

See "Authority Debt-Union County Utilities Authority" herein

**SCHEDULE OF DEBT ISSUED BY OTHER PUBLIC BODIES AND GUARANTEED BY
THE COUNTY AS OF DECEMBER 31, 2023**

<u>Issuer*</u>	<u>Purpose</u>	<u>Year</u>	<u>Issued & Outstanding</u>	<u>Unissued</u>	<u>Total</u>
UCIA	Linden Theater	2004	430,000.00	0	430,000.00
UCIA	Child Advocacy Building	2010	420,000.00	0	420,000.00
UCIA	Oakwood	2015	2,179,582.00	0	2,179,582.00
UCIA	Family Courthouse	2017	6,565,000.00	0	6,565,000.00
UCIA	Oakwood Refunding	2018	17,555,000.00	0	17,555,000.00
UCIA	Family Courthouse	2021	44,560,000.00	0	44,560,000.00
UCIA	Renewable Energy Program	2021	3,015,000.00	0	3,015,000.00
UCIA	UC Government Complex	2021	0.00	120,000,000.00	120,000,000.00
TOTAL			\$74,724,582.00	\$120,000,000.00	\$194,724,582.00

AUTHORITY DEBT

Union County Improvement Authority

The Union County Improvement Authority (the "UCIA") was created by ordinance of the Union County Board of Chosen Freeholders on June 5, 1986, as amended. From time to time the UCIA has financed eligible projects on behalf of various entities. The bonds issued to finance such projects are special obligations of the UCIA payable solely out of revenues derived from such entities or projects. Because such other bonds are special obligations of the UCIA, any defaults in the payments that may occur by any such entity do not have any effect on the other bonds of the UCIA.

As of December 31, 2023, the UCIA had the following bonds outstanding:

<u>Description of Debt</u> <u>(all current interest except as noted)</u>	<u>Amount</u>
City of Linden General Obligation Lease Revenue Bonds (Linden Airport Project), Series 1998	\$4,000,000

Description of Debt <u>(all current interest except as noted)</u>	<u>Amount</u>
City Guaranteed Loan Revenue Bonds (2003 Police Athletic League, Inc. of Linden)	\$125,000
County Guaranteed Revenue Bonds, Series 2004 (City Of Linden – Linden Theater Redevelopment Project) (Federally Taxable)	\$430,000 (1) (2)
City Guaranteed Revenue Bonds, Series 2004 (City Of Linden – South Wood Avenue Redevelopment Project) (Federally Taxable)	\$1,950,000
City of Linden Guaranteed Revenue Bonds, Series 2007 (City of Linden Morning Star Redevelopment Project) (Federally Taxable)	\$1,210,000
City of Linden General Obligation Lease Revenue Refunding Bonds (Linden Airport Project) (Federally Taxable), Series 2010	\$1,960,000
County Guaranteed Revenue Bonds, Series 2010 (Union County Child Advocacy Center Project)	\$420,000 (1)
Lease Revenue Refunding Bonds, Series 2013A (Tax- Exempt) (City of Plainfield – Park Madison Redevelopment Project)	\$18,895,000 (2)
County of Union General Obligation Lease Revenue Bonds, Series 2013A & 2013B (Cranford College Project)	\$6,970,000 (2)
Revenue Refunding Bonds, Series 2014 A & C (County College Facility Project)	\$2,145,000 (2)
Juvenile Detention Center Refunding Bonds, Series 2015A	\$17,445,000 (2)
County Guaranteed Revenue Bonds, Series 2015A (Current Interest Bonds) (Oakwood Plaza-Elizabeth Project) (Federally Taxable)	\$400,000 (1)
County Guaranteed Revenue Bonds, Series 2015B (Capital Appreciation Bonds) (Oakwood Plaza-Elizabeth Project) (Federally Taxable)	\$1,779,582 (1)

Description of Debt (all current interest except as noted)	<u>Amount</u>
Linden Omnibus Refunding, Series 2016	\$10,570,000
County Guaranteed Lease Revenue Bonds, Series 2017 (Union County Family Court Building Project-Elizabeth)	\$6,565,000 (1) (2)
County Guaranteed Revenue Refunding Bonds, Series 2018 (Oakwood Plaza-Elizabeth Project) (Federally Taxable)	\$17,555,000 (1)
Solid Waste Disposal Revenue Bonds (Aries Linden, LLC Project) Series 2019 (AMT) (Green Bonds)	\$47,615,000
County Guaranteed Lease Revenue Refunding Bonds, Series 2021 (Union County Family Court Building Project)	\$44,560,000 (1) (2)
Solid Waste Disposal Revenue Bonds (Aries Linden, LLC Project) Series 2021 (AMT) (Green Bonds)	\$11,500,000
County Guaranteed Renewable Energy Program Revenue Bonds, Series 2021	\$3,015,000 (1)
Solid Waste Disposal Revenue Bonds (Aries Linden, LLC Project) Series 2023	\$8,500,000
Total Outstanding UCIA Debt as of December 31, 2023	<u>\$207,609,582.00</u>

- (1) This debt is guaranteed by the County.
- (2) This debt is paid by the County subject to annual appropriations as a lease payment.

Lease Payment Default in County Guaranteed UCIA Oakwood Plaza Bond Issue

On December 28, 2018, the UCIA issued its \$19,620,000 County Guaranteed Revenue Refunding Bonds, Series 2018 (Oakwood Plaza-Elizabeth Project) (Federally Taxable) (the “2018 Oakwood Plaza Bonds”). The County, in accordance with the terms of its County guaranty and pursuant to the County Guaranty Agreement dated as of December 1, 2018 (the “County Guaranty”) between the County, Wells Fargo Bank, N.A. (the “Trustee”) and the UCIA, fully, unconditionally, and irrevocably guaranteed the timely payment of the principal of and in interest due on, the 2018 Oakwood Plaza Bonds.

The 2018 Oakwood Plaza Bonds are secured by the Trust Estate (as defined in the Trust Indenture dated as of December 1, 2018, between the Authority and the Trustee). The Trust Estate includes, among other things, a lien and pledge of Revenues, which includes payments made to CIS Oakwood, LLC (the “Developer”) by four entities which operate the Parkers View, Parkers Walk, Westminster Heights and Oaks at Westminster pursuant to various ground leases. Those entities, in turn, rent units to low income residents by property. The payments pursuant to the various ground leases (derived from the rents) were structured to be sufficient, collectively, to pay debt service on the 2018 Oakwood Plaza Bonds.

On September 1, 2021 and September 2, 2021, flooding resulting from Hurricane Ida caused significant damage to all four projects. As a result, tenants in the buildings were forced to relocate to other residences causing a loss in the rents from the tenants. Consequently, there were insufficient funds generated, collectively, from each of the ground leases to pay the required debt service on the 2018 Oakwood Plaza Bonds.

Principal and Interest on the 2018 Oakwood Plaza Bonds in the amount of \$1,102,216.15 was due on December 1, 2021. Pursuant to the County Guaranty, the County paid an amount of \$502,216.65 that, together with \$600,000 of available monies on deposit in the Debt Service Fund of the Bond Resolution, was sufficient to pay the principal of, and interest due on the 2018 Oakwood Plaza Bonds on December 1, 2021. Interest on the 2018 Oakwood Plaza Bonds in the amount of \$517,822.15 was due on June 1, 2022. Pursuant to the County Guaranty, the County paid an amount of \$507,800.61 that, together with \$10,021.54 of available monies on deposit in the Debt Service Fund of the Bond Resolution, was sufficient to pay the interest due on the 2018 Oakwood Plaza Bonds on June 1, 2022. Principal and interest on the 2018 Oakwood Plaza Bonds in the amount of \$1,122,822.15 was due on December 1, 2022. Pursuant to the County Guaranty, the County paid such entire amount of debt service due on the 2018 Oakwood Plaza Bonds on December 1, 2022. To the extent payments are made under the County Guaranty, the City of Elizabeth (the “City”) is obligated to make payments to the County of one-half of the deficiency paid by the County, up to \$10,000,000, as partial repayment to the County of any funds extended by the County under the County Guaranty. The aggregate principal amount of the 2018 Oakwood Plaza Bonds currently outstanding is \$17,555,000.

The County also paid the full \$10,500 December 1, 2022 interest payment due on the UCIA’s \$400,000 County Guaranteed Revenue Bonds, Series 2015A (Current Interest Bonds) (Oakwood Plaza – Elizabeth Project) (Federally Taxable) (the “2015A Oakwood Plaza Bonds”) pursuant to a county guaranty. The 2015A Oakwood Plaza Bonds are currently outstanding in the principal amount of \$400,000, were part of the Oakwood Plaza Apartments financing, and are secured by the Trust Estate (as defined in the Trust Indenture dated November 15, 2015, between the Authority and the Trustee), which includes revenues generated from the operation of Parkers Walk Project.

The Developer secured significant State funding in December 2022 to rehabilitate Oakwood Plaza Apartments and pay the County back in full the amounts it paid in bond guaranty payments. The County then reimbursed the City for payments made by the City to the County under the City's guaranty. Moreover, the Developer secured the necessary funding to pay debt service on the 2018 Oakwood Plaza Bonds and the 2015A Oakwood Plaza Bonds through June of 2023. The Project received final certifications of occupancy for completion of the rehabilitation in December 2023. The Project began to re-occupy in January 2024 and expects full occupancy of all properties by April 2024. The County appropriated sufficient monies in the 2023 budget to pay for all debt service due on the 2018 Oakwood Plaza Bonds and the 2015A Oakwood Plaza Bonds in 2023; however, the Developer was able to make the 2023 debt service payments. The County intends to appropriate sufficient monies in the 2024 budget to pay for all debt service due in 2024 for the Oakwood 2015 and 2018 series bonds.

The 2018 Oakwood Plaza Bonds and the 2015A Oakwood Plaza Bonds are not in default, and the principal amounts of the 2018 Oakwood Plaza Bonds and the 2015A Oakwood Plaza Bonds have not been accelerated. Accordingly, the debt service payment schedules for the 2018 Oakwood Plaza Bonds and the 2015A Oakwood Plaza Bonds upon original issuance remain in effect.

Union County Utilities Authority

The Union County Utilities Authority ("UCUA") was created by ordinance of the Union County Board of Chosen Freeholders (now known as the Union County Board of County Commissioners) on June 5, 1986, as amended on December 11, 1986. UCUA was designated by the County Commissioners as the implementing agency for the Union County District Solid Waste Management Plan (the "County Plan").

UCUA is the owner of the Union County Resource Recovery Facility ("Facility"), a waste-to-energy facility utilizing mass-burn technology and capable of processing 1,540 tons per day. The Facility designed and constructed by Ogden Martin Systems of Union, Inc. - now known as Covanta Union, LLC ("Covanta") - commenced commercial operation on or about July 1, 1994, pursuant to a Service Agreement by and between Covanta and UCUA. Covanta Operations of Union, LLC ("Operator") operates and maintains the Facility pursuant to an Amended and Restated Operation and Maintenance Agreement, dated as of December 15, 2011, between the Company and the Operator.

UCUA and Covanta entered into a Waste Disposal Agreement, dated as of February 15, 1998, as amended, supplemented and restated (the "Waste Disposal Agreement"), for a term ending on the close of business on December 15, 2031, unless sooner terminated as provided therein. Failure by UCUA to annually deliver 330,000 tons of Solid Waste Types 10 and 25 ("Acceptable Waste") generated in the County and 100,000 tons of Acceptable Waste generated by governmental entities located outside the County for disposal (the "Guaranteed Tonnage") does not constitute a default under the Waste Disposal Agreement, provided that the Service Charge for such Guaranteed Tonnage is paid to Covanta. However, in the event UCUA does not deliver the Guaranteed Tonnage, certain mitigation procedures set forth in the Waste Disposal Agreement are triggered. UCUA's obligation to deliver Acceptable Waste to the Facility in an amount equal to the Guaranteed Tonnage was intended to be satisfied from three sources: (1) Acceptable Waste generated within certain municipalities within the County that have entered into local waste disposal agreements (in the amount of approximately 175,000 tons per year), (2) Acceptable Waste generated within the remaining municipalities in the County that have not entered into such local waste disposal agreements (approximately 155,000 tons per year) and (3) Acceptable Waste generated within governmental units outside of the County (but within the State) (in the amount of 100,000 tons per year).

In order to fulfill its waste delivery obligations to the Company under the Waste Disposal Agreement, UCUA entered into “Local Waste Agreements” with certain governmental units in the County, including the County, the municipalities of Elizabeth, Garwood, Hillside, Kenilworth, Linden, New Providence, Rahway, Roselle, Roselle Park, Springfield, Union and Winfield, and the Plainfield Municipal Utilities Authority (now the City of Plainfield) and the Summit Municipal Utilities Authority. Each such local unit is required to deliver (or cause to be delivered) to the Facility all Acceptable Waste generated within the geographic boundaries of the local unit that is collected by or on behalf of the local unit and to pay UCUA a service charge for each ton of Acceptable Waste (or its guaranteed tonnage if less Acceptable Waste is delivered) as set forth in the Local Waste Agreements. The Local Waste Agreements, together with Acceptable Waste delivered to the Facility pursuant to state-approved regulatory “flow control,” currently account for the processing of 100% of the processible solid waste generated in the County and are UCUA’s principal source of revenues.

Prior to an amendment of the Facility Lease Agreement in 2016, which terminates at the close of business on December 15, 2031, UCUA leased the Facility to Covanta and, in exchange, Covanta paid “fixed annual rent” to UCUA of \$8,000,000 per annum (“Basic Rent”) from December 16, 2011 through December 15, 2026. Basic Rent thereafter through the end of the term of the Facility Lease Agreement is reduced to \$100 per annum; however, beginning on January 1, 2027 through December 15, 2031, the Company is obligated to make “Annual Revenue Share” payments to UCUA pursuant to a Revenue Sharing Agreement. The Annual Revenue Share is calculated according to a formula set forth in the Revenue Sharing Agreement and is based on the actual gross revenues of Covanta for the applicable Revenue Sharing Period. Payments by Covanta under the Facility Lease Agreement and Revenue Sharing Agreement are pledged by UCUA to the holders of UCUA’s 2011 Facility Lease Revenue Bonds.

UCUA filed a petition with the New Jersey Department of Environmental Protection (“NJDEP”) on April 6, 2016, requesting approval of an extension of the term of the Facility Lease Agreement for a period of twenty-two (22) years from December 15, 2031 to December 15, 2053, and modifications to the Waste Disposal Agreement. As consideration for the extension of the term of the Facility Lease Agreement, Covanta agreed to pay UCUA as Facility Rent during the lease extension period starting on December 16, 2031 an annual amount equal to the greater of (1) Minimum Rent of \$4 million annually in monthly installments of \$333,333.33 or (2) 30% of Covanta’s net profits resulting from the operation of the UCRRF.

Under the terms of the Waste Disposal Agreement, UCUA had experienced shortfalls in its waste delivery obligations, primarily with regard to the requirement for delivery of 100,000 tons from New Jersey governmental entities outside of the County. UCUA incurred shortfall payment obligations in calendar years 2013 through 2015, and paid to Covanta the undisputed portions of the shortfall payments for 2013 and 2014, formally disputed the balance of the shortfall payments amounts for each year, placed funds in escrow pending further negotiations between the parties, and ultimately paid the shortfall payments to Covanta as part of the extension of the term of the Facility Lease Agreement. Covanta and UCUA also agreed to eliminate the 100,000-ton delivery requirement as additional consideration for the extension of the term of the Facility Lease Agreement.

UCUA continues to be obligated to deliver 330,000 tons annually of Acceptable Waste generated within the County, until the termination of the Waste Disposal Agreement on December 15, 2031. Upon the expiration of the Waste Disposal Agreement, UCUA will have to publicly procure disposal capacity for Acceptable Waste generated within the County in accordance with the Local Public Contracts Law (“LPCL”), which may include a disposal contract award to Covanta as a result of an open, competitive, non-discriminatory and constitutionally-permissible procurement.

The extension of the Facility Lease Agreement term through December 15, 2053 will produce rental payments of at least \$88 million, with an opportunity to obtain additional rental revenues based upon UCUA’s right to 30% of Covanta’s annual net profits during the extension period resulting from the operation of the Facility in the event that percentage of the net profits exceeds the \$4 million base rental amount. Combined with the approximate \$54 million savings from the elimination of the 100,000-ton delivery obligation and potential shortfall tonnage payments, the monetary benefits from the extension of the lease term will approximate \$142 million.

The proposed amendments to the Facility Lease Agreement and Waste Disposal Agreement were subject to certain conditions precedent, including obtaining NJDEP approval and certification of an amendment of the County Plan. A Plan Amendment was recommended to the County Commissioners pursuant to Resolution No. 82-2015 adopted by UCUA on February 3, 2016. The Plan Amendment was properly noticed and the subject of a public hearing by the County Commissioners conducted on February 18, 2016 and was forwarded to NJDEP for review and certification in accordance with the Solid Waste Management Act. Had the conditions precedent not been met, the amendments to the agreements would have terminated and UCUA and Covanta would have been discharged from their respective obligations thereunder.

The Commissioner of NJDEP issued a Solid Waste Order on June 30, 2016, wherein he found that the proposed amendments to the Facility Lease Agreement and Waste Disposal Agreement, among other things, extending the Facility Lease Agreement from December 15, 2031 to December 15, 2053, are in the public interest as they reflect a fair allocation of the risks and benefits between UCUA and Covanta, permit UCUA’s solid waste debt to be retired solely from revenues derived from solid waste disposal, and will result in the UCRRF being financially viable. In approving the proposed amendments to the Facility Lease Agreement and Waste Disposal Agreement, the Commissioner also found that they will result in the provision of solid waste disposal services and facilities necessary for the public health, safety, welfare, and convenience of the recipients and users of these services and facilities, and will not materially impair the ability of UCUA to punctually pay the principal and interest on its outstanding indebtedness and continue to provide other essential public improvements and services.

The Commissioner also issued a Certification of the February 18, 2016 Plan Amendment to the County Plan, finding that the proposed Plan Amendment was consistent with the objectives, criteria, and standards set forth in the Statewide Solid Waste Management Plan. In the certification, the Commissioner approved the inclusion in the County Plan of the amendments to the Facility Lease Agreement and Waste Disposal Agreement, and directed all solid waste facility operators and transporters operating within the County to comply with the provisions of the Plan Amendment and all other applicable provisions of the County Plan.

In correspondence, dated November 4, 2020, UCUA formally provided notification to Covanta in accordance with the Amended and Restated Waste Disposal Agreement (“Agreement”) of a Projected Delivery Shortfall as such term is defined in the Agreement and informed Covanta of UCUA’s intention to rely upon the Uncontrollable Circumstances provision in the Agreement due to the outbreak of COVID-19.

Pursuant to Section 3.01 of the Agreement, UCUA is required to notify Covanta should it be reasonably anticipated that a shortfall will occur in the number of tons of solid waste expected to be delivered on behalf of UCUA in a calendar year. Covanta is required to use commercially reasonable efforts to increase the amount of Acceptable Waste that it accepts from other customers in order to mitigate any such Projected Delivery Shortfall and/or minimize or eliminate the Shortfall Amount.

The notice to Covanta indicated that, despite its best efforts under Section 3.01 of the Agreement, UCUA reasonably anticipates that it will experience a shortfall of approximately 10,000 tons of In-County Waste during 2020 and that a shortfall is also reasonably expected in 2021 as a result of COVID-19 and the then-current Executive Orders of Governor Murphy restricting some business operations and the conduct of the public at large, and that UCUA may not meet its obligation to deliver Acceptable Waste. The shortfall in 2020 occurred despite UCUA having taken all actions necessary to enforce waste flow control in Union County in order to be able to satisfy its tonnage delivery obligations in accordance with the Agreement.

In addition, due to the onset of COVID-19 in early 2020 and the subsequent Executive Orders limiting business activities and social gatherings, UCUA advised Covanta it intends to assert that its delivery obligations during 2020 were directly, materially and adversely affected by COVID-19 and should be excused as a result of an event beyond the reasonable control of UCUA pursuant to Article V of the Agreement as well as any rights that UCUA may possess by statute or under common law.

Covanta acknowledged in correspondence, dated January 15, 2021, receipt of UCUA’s notice and presented UCUA with a calculation of actual tons delivered in 2020 and mitigation revenues generated by Covanta’s acceptance of non-Union County waste to address the then-projected shortfall. Based upon the actual delivery of 319,972.2 tons of Union County waste in 2020 and mitigation revenues of \$481,504.73, Covanta asserted that UCUA owed \$235,305.72 as a result of the tonnage shortfall of 10,027.8 tons.

UCUA engaged in discussions with Covanta to reach a mutually acceptable resolution of the dispute. The parties ultimately agreed to share responsibility for the shortfall payment arising in 2020, with each party being responsible for fifty percent (50%) of the shortfall amount of \$235,305.72. Pursuant to duly adopted Resolution No. 28-2021, UCUA approved the settlement of the dispute and authorized the payment of fifty percent (50%) - \$117,652.86 – of the shortfall amount for the year 2020 in full settlement of any claims by Covanta for shortfall payments pursuant to the Waste Disposal Agreement, which payment was effectuated March 26, 2021. There was no tonnage delivery shortfall in 2021.

There was a de minimis shortfall in 2022 which resulted in no demand for shortfall payments for that year. In September 2023, the UCUA informed Covanta of a projected shortfall of 7,500 tons for 2023 and increased its own efforts to reduce the anticipated shortfall. Thereafter, Covanta employed contractually required mitigation efforts which, coupled with the UCUA’s efforts, resulted in an actual shortfall of 4,880 tons and substantially reduced the UCUA’s 2023 shortfall payment obligation to \$76,030.40.

Pursuant to the County Plan, all solid waste generated within the County that cannot be processed at the Facility (“Non-Processible Waste”), such as construction and demolition debris, was required by regulatory flow control to be delivered to a landfill located in Kearny, New Jersey that was operated by the New Jersey Meadowlands Commission (“NJMC” and now known as the New Jersey Sports and Exposition Authority). Non-Processible Waste is processed and disposed of in exchange for a per ton fee set by UCUA, which includes a component for debt service. In anticipation of the expiration of the NJMC Agreement, UCUA issued Bid Specifications on November 16, 2015 for the provision of disposal services for Non-Processible Waste and awarded a contract at a public meeting on December 16, 2015 to Waste Management of New Jersey, Inc. (“WMI”) for a term of three years, with UCUA maintaining an option to extend the contract for two additional years. A petition for approval of the WMI Agreement was filed with the NJDEP, and a plan amendment to incorporate the WMI Agreement in the County Plan was adopted by the County Commissioners and submitted to the NJDEP for certification.

On June 13, 2016, the Commissioner of NJDEP issued a Solid Waste Order, approving the WMI Agreement as in the public interest, for a term of three years terminating on June 19, 2019, with UCUA maintaining an option to extend the contract for two additional years. Simultaneously, the Commissioner issued a Certification of the February 11, 2016 Plan Amendment to the County Plan to incorporate the WMI Agreement in the County Plan and to authorize regulatory waste flow control for Non-Processible Waste to the WMI Transfer Station/Materials Recovery Facility in Elizabeth, New Jersey. The Commissioner’s Certification of the February 11, 2016 Plan Amendment was based upon a finding that the proposed Plan Amendment was consistent with the objectives, criteria, and standards set forth in the Statewide Solid Waste Management Plan. WMI began to provide Non-Processible Waste disposal services on June 19, 2016.

In anticipation of the expiration of the Agreement with WMI in June 2019, UCUA issued Bid Specifications on November 15, 2018 for the provision of disposal services for Non-Processible Waste, and subsequently awarded a contract on January 3, 2019 to WMI for a term of five years, commencing June 19, 2019, as the lowest, complying bidder, in accordance with the LPCL.

A petition for approval of the 2019 WMI Agreement was filed with the NJDEP. Also, a plan amendment adopted by the County Commissioners to incorporate the WMI Agreement in the County Plan was submitted to the NJDEP for certification. On July 24, 2019, the Commissioner of NJDEP issued a Solid Waste Order, approving the WMI Agreement as in the public interest, for a term of five years terminating on June 19, 2024. The Commissioner issued a Certification of the January 24, 2019 Plan Amendment to the County Plan to incorporate the 2019 WMI Agreement in the County Plan and to authorize regulatory waste flow control for Non-Processible Waste to the WMI Transfer Station/Materials Recovery Facility in Elizabeth, New Jersey. The Certification of the January 24, 2019 Plan Amendment found that the proposed Plan Amendment was consistent with the objectives, criteria, and standards set forth in the Statewide Solid Waste Management Plan.

In anticipation of the expiration of the Agreement with WMI in June 2024, UCUA issued Bid Specifications on December 29, 2023 for the provision of Non-Processible Waste disposal services, and subsequently awarded a contract on January 30, 2024 to WMI for a three year term commencing June 20, 2024, as the lowest, complying bidder, in accordance with the LPCL. At the same time, the UCUA approved a resolution recommending to the County Commissioners that a Plan Amendment be adopted by that body to incorporate the WMI Agreement, and the continuation of regulatory flow control over Non-Processible Waste, into the County Plan, and that the Plan Amendment be submitted to the NJDEP for certification. NJDEP consideration of the Plan Amendment is expected to take place in the spring of 2024.

As of December 31, 2023, the UCUA had the following bonds outstanding:

<u>Description of Debt</u>	<u>Outstanding Amount</u>
\$115,730,000 Resource Recovery Facility Lease Revenue Refunding Bonds (Covanta, Inc. Lessee – Series 2011A) (AMT)	\$109,960,000 (1)
\$47,245,000 Solid Waste System Revenue Refunding Bonds (County Deficiency Agreement – Series 2011A) (Tax –Exempt)	\$47,245,000 (2)
\$21,835,000 Solid Waste System Revenue Refunding Bonds (County Deficiency Agreement – Series 2011B) (Federally Taxable)	<u>\$4,545,000 (2)</u>
Total Outstanding UCUA Debt as of December 31, 2023	<u>\$161,750,000</u>

(1) The 2011 Resource Recovery Facility Lease Revenue Bonds are paid from fixed annual rent under the Facility Lease Agreement, Annual Revenue Share under the Revenue Sharing Agreement, and are further supported by a Limited Deficiency Agreement between the County and UCUA. Under the Limited Deficiency Agreement, the County has agreed, among other things, to replenish any deficiency in the Bond Reserve Fund and to pay to UCUA an amount equal to the service charges, monthly shortfall payments and the shortfall amount payable under the Waste Disposal Agreement with respect to the difference between the guaranteed tonnage of UCUA under the Waste Disposal Agreement and the aggregate guaranteed tonnages of the participating local units under the Local Waste Agreements. To date, the County has not made any payments under the Limited Deficiency Agreement.

(2) The 2011 County Deficiency Agreement Bonds are paid from Stranded Investment Charges (as defined in the general bond resolution relating to such bonds), and are further secured by a County Deficiency Agreement, dated as of December 29, 2011, between the County and UCUA (the “County Deficiency Agreement”). The County is obligated to pay the amount of any deficiency to UCUA for deposit directly in the Bond Reserve Fund. The obligation of the County to make payment of the deficiency is absolute and unconditional and remains in full force and effect for the term of the County Deficiency Agreement. To date, the County has not been required to make payments under the County Deficiency Agreement.

The 2011 Resource Recovery Facility Lease Revenue Bonds and 2011 County Deficiency Agreement Bonds were issued to provide funds for the refunding of certain bonds issued by UCUA in 1998.

Open Space, Recreation and Historic Preservation

On November 7, 2000, the voters of the County approved a referendum authorizing the creation of an Open Space Recreation and Historic Preservation Trust Fund (the “Fund”).

The Fund is funded by a tax levy of 1.5 cents per \$100 of County equalized real property valuation for a period of twenty years.

The Fund is used for acquisition of lands for recreation and conservation purposes, development of lands acquired for recreation and conservation purposes, maintenance of lands acquired for recreation and conservation purposes, preservation of historic properties, acquisition of such properties for historic preservation purposes, or payment of debt service of indebtedness issued by the County for such purposes (other than maintenance purposes).

The first quarterly collection of open space taxes was paid on August 15, 2001. The County collected \$13,930,697.69 in 2023 (unaudited).

COUNTY OF UNION DEBT SERVICE SCHEDULE AS OF DECEMBER 31, 2023

YEAR	BOND PRINCIPAL	BOND INTEREST	LEASE PAYMENTS	DAM LOANS	NOTE PRINCIPAL	NOTE INTEREST	TOTAL
2024	50,960,000.00	9,514,984.22	9,313,420.96	209,540.32	0.00	3,500,000.00	73,497,945.50
2025	46,090,000.00	8,181,437.55	10,942,890.96	209,540.31	0.00	0.00	65,423,868.82
2026	46,685,000.00	6,937,903.17	10,848,515.71	209,540.31	0.00	0.00	64,680,959.19
2027	45,380,000.00	5,599,725.04	9,027,368.82	131,461.47	0.00	0.00	60,138,555.33
2028	43,900,000.00	4,250,112.54	9,011,251.80	105,331.48	0.00	0.00	57,266,695.82
2029	36,640,000.00	3,044,406.27	8,525,406.13	52,665.74	0.00	0.00	48,262,478.14
2030	35,785,000.00	1,961,481.25	8,752,266.43	0.00	0.00	0.00	46,498,747.68
2031	19,130,000.00	1,103,700.00	8,736,010.20	0.00	0.00	0.00	28,969,710.20
2032	9,935,000.00	594,637.50	8,710,112.05	0.00	0.00	0.00	19,239,749.55
2033	6,590,000.00	296,718.75	8,669,150.86	0.00	0.00	0.00	15,555,869.61
2034	6,130,000.00	95,781.25	8,011,229.54	0.00	0.00	0.00	14,237,010.79
2035	0.00	0.00	3,567,515.16	0.00	0.00	0.00	3,567,515.16
2036	0.00	0.00	3,563,340.83	0.00	0.00	0.00	3,563,340.83
2037	0.00	0.00	3,564,999.56	0.00	0.00	0.00	3,564,999.56
2038	0.00	0.00	3,557,178.22	0.00	0.00	0.00	3,557,178.22
2039	0.00	0.00	3,544,603.76	0.00	0.00	0.00	3,544,603.76
2040	0.00	0.00	3,547,020.45	0.00	0.00	0.00	3,547,020.45
2041	0.00	0.00	3,549,314.70	0.00	0.00	0.00	3,549,314.70
2042	0.00	0.00	3,545,820.20	0.00	0.00	0.00	3,545,820.20
2043	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2044	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2045	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2046	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2047	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	347,225,000.00	41,580,887.54	128,987,416.34	918,079.63	0.00	3,500,000.00	522,211,383.51

Capital Improvement Program

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

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 program. The Capital Budget and Capital Improvement Program do not represent actual authorization of projects, but rather conceptual recognition of the County’s need for specific capital improvements.

With restrictions on current spending and new financial resources 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 consideration is the degree to which a facility will be able to either generate revenues or significantly reduce costs.

The County’s Capital Improvement Plan requires that all departments justify the need for a particular capital project or piece of equipment. All capital requests are scrutinized to determine if the request (1) meets the needs of the citizens of the County; (2) are important to the County’s governmental operations; (3) are within the financial guidelines set forth for all capital projects; and (4) are able to realize additional revenues.

Future Financing of the County

The County’s general plan is to issue general obligation bonds every two years, except for bonds issued for County College purposes and partially secured by State aid, which are generally issued annually. The County also issues bond anticipation notes for specific capital improvements, as needed, and retires them with the next issue of general obligation bonds. The County’s most recent new money bond issues were a \$67,705,000 combined series issued on June 16, 2022 and \$4,065,000 County College Bonds of 2023 (Chapter 12 State Aid) issued June 15, 2023. On June 14, 2023, the County issued \$70,000,000 of bond anticipation notes due June 14, 2024 (the “Outstanding Notes”). The County intends to issue \$48,467,000 of combined series bonds in June 2024 to permanently finance \$43,900,000 of the Outstanding Notes and provide \$4,567,000 of new borrowing, and to issue \$25,800,000 of bond anticipation notes at the same time to renew the remaining \$25,799,574 of the Outstanding Notes and provide \$426 of new money borrowing.

Six Year Capital Program 2023

<u>Project Title</u>	<u>Six Year Estimate</u>
Board of Elections	\$60,000.00
County Clerk’s Office	\$197,161.00
Division of County Police	\$830,000.00
Division of Emergency Management	\$496,000.00
Division of Engineering	\$93,085,000.00
Division of Facilities Management	\$15,925,000.00
Department of Human Services	\$3,293,486.00
Division of Information Systems	\$1,900,000.00
Division of Motor Vehicles	\$0.00

<u>Project Title</u>	<u>Six Year Estimate</u>
Department of Parks and Recreation	\$281,248.00
Division of Park Maintenance	\$6,668,500.00
Prosecutor	\$21,375.00
Department of Public Safety	\$630,400.00
Department of Public Works	\$12,835,000.00
Sheriff's Office	\$5,973,521.00
Sheriff's Office-Corrections	\$395,000.00
Surrogate's Office	\$40,000.00
Union County College	\$4,567,007.00
Union County Vocational Technical Schools	\$7,000,000.00
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	\$154,198,698.00
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Funding Per Year

2023	\$52,638,698.00
2024	\$29,232,500.00
2025	\$24,905,000.00
2026	\$20,702,500.00
2027	\$20,450,000.00
2028	\$6,270,000.00
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	\$154,198,698.00
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Funding Sources

Grants	\$9,276,499.00
Down Payments, Bonds & Notes	\$144,922,199.00
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	\$154,198,698.00
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TAX COLLECTION DATA

County Tax Rates

The following table sets forth the valuations on which County taxes are apportioned:

NET EQUALIZED VALUATION ON WHICH TAXES ARE APPORTIONED

Year	Net Valuation
2020	\$75,252,356,856
2021	\$77,746,562,530
2022	\$83,701,680,955
2023	\$92,871,334,633
2024	\$101,925,308,241

Source: Union County Board of Taxation 2024

ASSESSED VALUATION

Year	Net Valuation Taxable
2020	\$32,647,102,979
2021	\$34,223,167,626
2022	\$39,790,880,661
2023	\$39,801,536,543
2024	\$55,029,771,081

Source: Union County Board of Taxation 2024

COUNTY TAX RATE PER \$100 OF EQUALIZED VALUATION

Year	Tax Rate
2019	\$0.5052
2020	\$0.4887
2021	\$0.4735
2022	\$0.4390
2023	\$0.3949

Source: Union County Board of Taxation 2024

TAX COLLECTION RECORD

FISCAL YEAR BEGINNING JANUARY

	TOTAL COUNTY TAX	PERCENT OF COLLECTION
2019	\$367,295,299.43	100.00%
2020	\$367,295,299.43	100.00%
2021	\$367,295,299.43	100.00%
2022	\$367,295,299.43	100.00%
2023	\$367,295,299.43	100.00%

NET TOTAL TAXABLE VALUE OF LAND AND IMPROVEMENTS

	2024	2023	2022	2021	2020
1. Vacant Land	1,476,391,766	416,342,700	386,922,300	368,974,100	368,974,100
2. Residential	37,796,519,149	30,787,418,874	30,594,757,966	25,405,250,754	25,405,250,754
3a. Regular Farm	442,200	442,200	684,200	684,200	684,200
3b. Qualified Farm	31,620	37,520	42,420	42,320	42,320
4a. Commercial	7,296,515,910	4,652,121,282	4,701,291,262	3,788,418,342	3,788,418,342
4b. Industrial	5,242,825,150	2,463,087,750	2,463,177,150	2,120,628,250	2,120,628,250
4c. Apartment	3,173,441,400	1,449,994,500	1,607,975,600	927,180,100	927,180,100
Total Assessed Value	54,986,167,195	39,769,444,826	39,754,850,898	32,611,177,976	32,611,177,976

Source: Union County Board of Taxation 2024

TOP 10 TAXPAYERS 2023

Property Location	Assessed	Total Taxes	Type of Business	Owner
2000 Galloping Hill Road, Kenilworth, NJ	131,648,900	7,577,052.00	Industrial	Kenilworth Corp Property LLC
1900A Brunswick Ave, Linden, NJ	108,924,500	7,491,827.00	Industrial	Phillips 66 Co-Property Tax S1364
556 Morris Avenue	100,315,600	6,659,253.00	Industrial	Summit W. Celgene Att:Corp Ser C012D
E Scott Ave, Rahway, NJ	86,191,300	6,181,640.00	Industrial	Merck Sharp & Dohme Corp
E Scott Ave, Rahway, NJ	77,612,200	5,566,347.00	Industrial	Merck Sharp & Dohme Corp
1800 W Edgar Rd, Linden, NJ	78,401,000	5,392,421.00	Industrial	Merck Sharp & Dohme Corp
535-603 Mountain Avenue, New Providence, NJ	91,348,100	4,573,049.50	Commercial	Redwood-ERC NP LLC & Altus Group
1100 E Edgar Road, Linden, NJ	61,362,000	4,220,478.50	Industrial	Phillips 66 Co-Property Tax S1364
600 Mountain Avenue, Berkeley Heights, NJ	76,065,000	3,213,746.25	Commercial	Alcatel – Lucent USA/Atn. Corp Counsel
1100 E Edgar Road Rear, Linden, NJ	40,000,000	2,751,200.00	Commercial	Infineum USA LP/Bill McCabe

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 as well as the Open Space, Recreation and Historic Preservation Trust Fund.

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 receives its share of the taxes collected from the first taxes collected by each municipality. This assures the County of 100% collection.

In response to the \$10,000 annual limitation on an individual's federal income tax deduction for state and local taxes paid (beginning in 2018 and ending in 2025) contained in the federal "Tax Cuts and Jobs Act", Pub. L. No. 115-97, New Jersey Governor Phil Murphy signed into law Senate Bill No. 1893 ("S-1893") on May 4, 2018. S-1893, which will take effect when implementing regulations are adopted by various State agencies, authorizes municipalities, counties and school districts ("local units") to establish one or more charitable funds, each for specific public purposes, and permits certain donations to those charitable funds to be credited toward the donor's property tax obligation. Moneys held in a charitable fund are immediately available to pay debt service. On June 13, 2019, the Internal Revenue Service (the "IRS") issued final regulations, effective August 12, 2019, denying the deductibility (except for a de minimis amount) for federal income tax purposes of property tax credit donation mechanisms authorized by S-1893 and similar laws adopted in other states. The County makes no representations as to whether any local units will establish charitable funds pursuant to S-1893 or how S-1893 will be implemented.

Tax Appeals

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

The taxpayer remits the full assessment (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 Tax Board, which conducts a hearing. If the appeal is granted, the municipality remits payment to the taxpayer. The County tax assessed to the municipality for the succeeding year is then reduced by the total amount of the appeals that were granted. Therefore, the County does not remit payment to the taxpayer or the municipality for appeals granted.

If the Tax 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 by the New Jersey Tax Court. If the appeal is successful at this level, the reimbursement procedures are the same as described above.

COUNTY GOVERNMENT

The County operates under N.J.S.A. 40:41A-1 *et seq.*, the "Optional County Charter Law". Specifically, the County structure is the County Manager Plan. The legislative powers and responsibilities of the County are vested in the (elected) Board of County Commissioners (formerly titled "Chosen Freeholders").

There are nine members on the Board, all elected on an at-large basis from the County's twenty-one municipalities. The Board sets policy, adopts the operating and capital budgets for the County, enacts ordinances and generally sets the direction in which County government moves toward the delivery of governmental services. Commissioners serve for terms of three years beginning on the first day of January following their election, with terms being staggered such that three seats on the Board are up for election each year. The Board meets 4 times a month in accordance with the Optional County Charter Law.

The executive/administrative powers and responsibilities of the County are vested in the County Manager. There are nine major administrative departments (Administrative Services, Parks and Recreation, Finance, Human Services, Public Safety, Corrections, Engineering and Public Works and Facilities, Economic Development and Runnells Specialized Hospital). Additionally, there are Constitutional Officers (County Clerk, County Prosecutor, County Sheriff and County Surrogate) and other governmental functions (County Counsel, Clerk of the Board, Election Board, Tax Board, Superintendent of Schools and Extension Services). The major administrative departments are required to make reports to the County Manager concerning the financial, personnel, purchasing and general services management. The County Manager is responsible for enforcing the Charter and Administrative Code and all resolutions, ordinances and general laws of the County. The County Manager reports to the Board of County Commissioners and the public on the result of the previous year's operations in an Annual Report and submits an Annual Executive Budget and Work Program outlining the goals, objectives and funding plan for each year. The County Manager appoints the Directors of the County Departments and all personnel within the County (with the exception of the County Counsel, County Treasurer and Clerk of the Board, which are appointed by the Board), subject to State Department of Personnel rules and regulations.

The County Manager may attend meetings of the Board and participate in all discussions and matters relative to County Government but, has no vote or veto rights in the proceedings of the Board. The current County Manager was appointed by the Board for an indefinite term beginning March 1, 2018.

COUNTY BUDGET AND STATEMENTS OF REVENUES AND EXPENDITURES

Budget Requirements

No County budget may be adopted without the approval of the Director of the Division of Local Government Services (the "Director"). The Director approves the budget once a determination has been made that the budget meets all of the requirements of the Local Budget Law (Chapter 4 of Title 40A of the New Jersey Statutes, as amended), and all of the regulations of the Local Finance 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) payment of interest and debt redemption charges; (b) deferred charges and statutory expenditures; (c) cash deficit of the preceding year; (d) reserve for uncollected taxes; and (e) other reserves and non-disbursement items. Anticipated nontax revenues are limited to the amount actually realized in the previous year unless the Director certifies a higher figure. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year in which they were issued.

Miscellaneous revenues generally consist of operating surplus from the prior year, County purpose tax, State and Federal Aid, interest on investments, user fees, license fees and permits. No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit. (N.J.S.A. 40A:4-26)

The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof. (N.J.S.A. 40A:4-10)

Limitations on County Appropriations and Tax Levy

A statute passed in 1976 as amended and supplemented (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the “Cap Law,” imposed limitations on increases in county appropriations and the county tax levy subject to various exceptions. While the Cap Law restricts the ability of a county to increase its overall appropriations and tax levy, the payment of debt service is an exception from these limitations. The Cap formula is somewhat complex, but basically, it permits a county to increase its overall appropriations and tax levy by the lesser of 2.5% or the Cost-of-Living Adjustment (“COLA”). Increases up to 3.5% in the tax levy are allowed by adoption of a resolution whenever the COLA is less than 2.5%. The COLA is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other items including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The Cap Law does not limit the obligation of the County to levy *ad valorem* taxes upon all taxable real property within the County to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 (“Chapter 62”) imposed restrictions upon the allowable annual increase in the tax levy of municipalities, counties, fire districts and solid waste collection districts. For counties, the amount of the tax levy increase is limited to the lesser of the increase permitted by the already existing Cap Law discussed above and Chapter 62. The appropriation cap under the Cap Law is unaffected by Chapter 62. In general, under Chapter 62, starting with the 2008 budgets, counties had their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a county to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

As is the case with the Cap Law, Chapter 62 does not limit the obligation of the County to levy *ad valorem* taxes upon all taxable real property within the County to pay debt service.

The County tax levy and appropriation increases for the year 2010 were within the limits allowed by the Cap Law and Chapter 62, taking into account applicable adjustments and without requesting any waivers from the Local Finance Board.

On July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment (the 2011 budget for the County), reducing the Chapter 62 tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Majority voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy. The County’s 2011 to 2023 budgets complied with the tax levy and appropriation caps, taking into account applicable adjustments. The County’s 2024 budget has not been introduced as of the date of this Official Statement.

Annual Audit

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey Statutes, as amended, regulates the non-budgetary financial activities of the County. An annual, independent audit of the County's accounts for the previous year must be performed by a license Registered Municipal Accountant. The audit, conforming to the Division's "requirement of audit," includes recommendations for improvement of the County's financial procedures and must be filed with the Director of the Division prior to July 1 of each year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The chief financial officer of the County must file annually with the Director a verified statement of the financial condition of the County and all constituent boards, agencies or commissions.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the Board of County Commissioners. However, with minor exceptions, if such appropriations exceed 3% of the adopted operation budget, consent of the Director must be obtained. (N.J.S.A. 40A:4-48).

Results of Operations

The County's fund balance at December 31, 2023 is \$196,182,767.38 (unaudited).

2024 Budget

The County's 2024 Budget has not been introduced as of the date of this Official Statement.

Jail Facility Developments

The Union County Jail housed approximately 345 prisoners until June, 2021. Over the previous ten years, the inmate population had decreased from 1,009 to 345. As a result of the steady decline in the inmate population, the County made the policy decision to transfer its inmate population to the Essex County Jail and realign the organizational structure for correctional services to realize substantial savings.

The counties of Union and Essex entered into a 5-year Agreement to transfer and house adult inmates currently housed in the Union County Jail operated by the Union County Department of Corrections (UCDOC) to the Essex County Department of Corrections (ECDOC) effective July 1, 2021. Union County prisoners will be housed and supervised by Essex County, to the extent of capacity, at a per diem cost per prisoner ranging from \$104 to \$106 during the five-year contract term. Prior to the transfer of Union County inmates to the Essex County Facility, Union County will conduct full medical screenings and medical clearance. Once in the Essex County Facility, all ordinary, routine non-hospital, nonemergency medical care and over-the-counter medications for Union County inmates will be paid by Essex County.

With the prisoner transfers, Union County will cease the long-term housing of inmates through the UCDOC. Consequently, the UCDOC will be eliminated by action of the Union County Board of County Commissioners. Toward that end, a lay-off plan was submitted to and subsequently approved by the New Jersey Civil Service Commission.

The lay-off plan took effect 11:59 p.m. on June 30, 2021 and impacted staff within the UCDOC. Since there is still a need for the transportation and temporary holding of individuals awaiting criminal adjudications and court appearances, approximately 53 employees were retained via an intradepartmental transfer to serve as employees of the Union County Sheriff, through the operation of a smaller correctional transitional facility known as the "Hub." The Hub will be staffed 24 hours a day, 365 days a year.

The decision to eliminate the UCDOC was made possible because of the symbiosis of (1) Essex County benefiting from increased revenue derived from filling excess capacity with Union County prisoners and (2) Union County having a viable alternative in place for the transfer, housing, and supervision of all of its long-term prisoners.

The five-year County budgetary savings for July 1, 2021 – June 30, 2026 is projected to be approximately \$103.8 million.

STATEMENT OF EXPENDITURES LAST FIVE YEARS

	2023 * (Unaudited)	2022	2021	2020	2019
General Government	109,491,095.98	112,052,315.00	104,297,657.00	87,878,667.80	92,523,115.64
Regulation/Public Safety	84,323,877.07	84,675,246.00	85,186,397.00	81,681,532.06	93,495,622.58
Roads & Bridges/ Operational Services	17,052,291.25	18,621,885.00	20,774,988.00	17,677,183.87	17,830,967.57
Health & Welfare	70,802,635.57	74,133,078.00	72,773,180.00	67,390,523.08	67,915,938.51
Educational	22,100,718.65	22,429,333.00	22,323,861.00	21,496,775.36	21,234,090.45
Recreational	14,634,035.65	15,747,659.00	15,710,466.00	11,646,172.23	13,286,385.45
Unclassified	10,686,290.04	10,173,481.00	9,626,245.00	7,664,728.52	8,069,379.66
State & Federal Programs	92,976,834.06	164,410,213.00	134,080,465.00	143,812,051.99	34,279,522.10
Contingent	0	0	0	0	0
Total Operations	422,067,778.27	502,243,210.00	464,773,259.00	439,247,634.91	348,635,021.96
Capital Improvements	6,050,000.00	6,050,000.00	6,050,000.00	15,250,000.00	9,250,000.00
Debt Service	76,420,490.61	69,350,291.00	74,731,697.00	68,931,684.13	68,950,258.04
Deferred Charges and Statutory Expenditures	45,764,050.08	46,056,342.00	44,367,493.00	43,134,268.87	42,309,968.61
Total	550,302,318.96	623,699,843.00	589,922,449.00	566,563,587.91	469,145,248.61

STATEMENT OF REVENUES LAST FIVE YEARS

REVENUE TYPE	2023 * (Unaudited)	2022	2021	2020	2019
Fund Balance	37,750,000.00	37,750,000.00	37,000,000.00	53,290,931.23	25,000,000.00
Misc. Revenue	224,405,615.13	273,530,654.99	245,806,033.00	237,926,683.22	136,199,163.18
Tax Levy	367,295,299.43	367,295,299.43	367,295,299.00	367,295,299.43	367,295,299.43
Subtotal Revenue	629,450,914.56	678,575,954.42	650,101,332.00	658,512,913.88	528,494,462.61
Unanticipated Revenue	10,082,808.65	10,807,145.00	9,360,828.00	8,493,801.20	10,734,013.95
Total Revenue	639,533,723.21	689,383,099.42	659,462,160.00	667,006,715.08	539,228,476.56

REVENUE BUDGET

Revenue Type	Realized 2023*	Anticipated 2023*
Surplus Anticipated	37,750,000.00	37,750,000.00
Miscellaneous Revenue	224,405,615.13	123,849,265.50
Amount to be raised taxation	<u>367,295,299.43</u>	<u>367,295,299.43</u>
	<u>629,450,914.56</u>	<u>528,894,564.93</u>

* - Unaudited

APPROPRIATION BUDGET

	Budget 2023*	Expended 2023*	Reserved 2023*
OPERATIONS			
Regular	371,150,079.34	329,090,944.21	27,376,491.43
Public & Private Offset with Revenues	93,212,691.31	92,976,834.06	235,857.25
Contingent	50,000.00	0.00	50,000.00
Capital Improvements	6,050,000.00	6,050,000.00	0.00
Debt Service	79,077,188.00	76,420,490.61	20,000.00
Deferred Charges & Statutory			
Expenditures	<u>48,017,804.26</u>	<u>45,764,050.08</u>	<u>2,253,754.18</u>
	597,557,762.91	550,302,318.96	29,936,102.86

* - Unaudited

Budget Process

Primary responsibility for the County's budget process lies within the Department of Finance. This responsibility stems from the authority of the County Manager as the chief administrative officer in the County organizational structure. As prescribed by the Local Budget Law, adoption of the budget should occur by the end of February. However, extensions 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. Upon adoption of any annual operating budget by the Board of County Commissioners, the Board of Taxation computes a tax rate for County purposes and apportions County tax requirements to be paid by each municipality. The tax rate for each municipality includes County tax requirements.

The following is a description of the steps and procedures taken under the County Administrative Code to prepare the budget and to make expenditures after its adoption:

1. **FISCAL YEAR.** The fiscal year of the County shall be the calendar year except as may be otherwise provided by the Local Budget Law.
2. **BUDGET PREPARATION GENERALLY.** The budgetary process of the County shall be subject to all requirements of the Local Budget Law and the promulgations of the Division and the Local Finance Board. On or before September 1st of the year preceding the budget year, the County Manager shall establish the schedules and procedures to be followed by all County departments, offices and agencies to prepare the required budget documents. He or she may conduct such analysis or hearing as he or she deems necessary. On or before January 15th of each year, the County Manager shall submit to the Board a budget document consisting of the proposed County budget and a budget message.
3. **SCOPE OF BUDGET AND MESSAGE.** The budget document shall be prepared by County Manager in such form as will comply with the Local Budget Law, together with such additional schedules as he or as she deems desirable, or as may be required by the Board.

The budget message shall explain the budget both in fiscal terms and work to be done. It shall outline the proposed financial policies of the County for the ensuing fiscal year, describe the important features of the budget plan and indicate its major objectives. It shall indicate any major changes in financial policies and in expenditures, appropriations and revenues as compared with the preceding fiscal year and shall set forth reasons for the changes.

4. **BOARD ACTION.** The Board shall consider and act upon the County Manager's budget in accordance with requirements of the Local Budget Law.
5. **APPROPRIATION REQUESTS; ALLOTMENTS.** As part of the budget request by each department, office and agency of the County to the County Manager, there shall be included a work program for the year showing all requested appropriations broken down into monthly or quarterly allotments, as may be required by the County Manager. The County Manager shall review requested allotments in light of the work program of the department, office or agency concerned, and if he or she deems it necessary, may review, alter or change them before the same are submitted to the Board. The aggregate of such allotments shall not exceed the total appropriation available to each department, office or agency for the fiscal year.

The County Manager shall, where practicable, provide for the establishment and cooperation of a system of work programs and quarterly allotments for operation of the budget. It shall be the duty of the County Manager to develop and report appropriate unit costs of budgeted revenues and expenditures.

6. **PAYMENTS AND OBLIGATIONS; CERTIFICATION; PENALTIES.** No payments shall be authorized or made, and no obligation shall be incurred against the County except in accordance with appropriations duly made. No obligation shall be paid against any allotment or appropriation unless the County Manager or designee first certified that sufficient funds therefore will be available to meet the obligation concerned when it becomes due and payable. Any County officer or employee who knowingly authorizes or makes any payments in violation of the provisions of this paragraph or takes part therein may, in addition to any other penalty provided by law, be removed from his office or employment.

7. **VOUCHERS AND CERTIFICATION.** No bill, demand or claim shall be paid unless a detailed statement of the terms or demands, specifying particularly how the bill or demand is made up, and a certification of the party claiming payment that it is correct; nor shall any bill, claim or demand be paid unless the voucher on which it is presented carries a certification of the head of the department, office or agency, or of his duly designated representative, having personal knowledge of the facts, that the goods have been received by, or the services rendered to, the County.

8. **AUDIT, WARRANT AND PAYMENT OF BILLS AND CLAIMS; LISTING.**

a. All bills, claims and demands against the County shall be deemed approved by the County Manager (for the purpose of N.J.S.A. 40A:5-17) in accordance with the action of the Treasurer. A voucher on a form prescribed by the Department of Finance shall be paid only upon the audit, warrant and approval of the Treasurer.

b. Disbursement shall be made by a combination warrant-bank check or draft warranted by the Comptroller, if any, and countersigned by the Treasurer, except that payroll checks shall be signed by the Treasurer alone upon voucher and warrant of the Comptroller, if any, for an entire or part of a payroll.

c. The Department of Finance shall prepare for each regular meeting of the Board a list of bills, claims and vouchers that have been paid through the close of business two days prior to the meeting and since the last preceding list was compiled. Such list shall be filed with the Clerk of the Board as a public record.

9. **CENTRAL PAYROLL.** Salaries, wages and other compensation of all pensioners, officers and employees of the County shall be paid weekly or biweekly as appropriate. The head of each department, office or agency shall certify to the Department of Finance at such times, and in such form as it shall prescribe, the names and positions of all persons employed in or by the department who are entitled to be paid in the next ensuing payroll. The Comptroller shall then complete a central payroll for the County.

Financial Controls and Audit Function

The County is continually enhancing controls relative to the budgetary spending, revenues and procedural compliance. As part of the budgeting system each department, division or agency must include a description of their organizational goals and objectives and work program along with its budget submission package.

During the year, appropriations are reviewed, supervised and controlled by the Department of Finance through sufficiency of funds, encumbrances and forecasting procedures.

The Finance Department has been concentrating on the development of audit programs, cash controls and departmental compliance audits. With the use of these audit programs, scheduled audits are conducted to improve upon the overall efficiency within departments.

In addition to the constant reviews conducted by the Department of Finance, all County departments are responsible for records overseeing their daily operations. The aforementioned area ensure that records kept within County government are in proper condition for the annual audit and the preparation of financial statements. These conditions have stabilized and, in some instances, minimized time spent on audits. As required under the Local Fiscal Affairs Law (N.J.S.A. 40A:5-4), the Board of County Commissioners must appoint an outside auditing firm to conduct an annual audit of all County finances.

The County's implementation of various programs and systems designed to ensure good management practices has been recognized by state and federal levels of government. The National Association of Counties has awarded the County National Achievement Awards in areas of budget management, indirect cost/federal-state grant management, employment skills training and development and ridesharing/van-pooling transportation.

Employees

The County provides services through approximately 1,883 equivalent full-time employees. County employees are represented by labor organizations recognized by the County under the Public Employees Relations Commission Act of 1968.

The principal union of County employees is the Union County Civil Service Association Council #8. This union represents approximately 388 County employees in all classifications of County titles other than those represented by 21 other unions and those employees who are classified as management or confidential.

Status of Labor Contracts

COUNTY OF UNION

CONTRACTS EXPIRING 2020 through Present

INDEX	BARGAINING UNIT NAME	UNIT NO.	CONTRACT DURATION	NO. YRS.	Resolution or IA/ Date	STATUS
1	UNION COUNTY NO. 8 NJCSA/IFPTE	51	1/1/2021 - 12/31/2023	3	2022-1029 12/1/22	EXPIRED
2	LOCAL 68-68A-68B OPERATING ENGINEERS	54	1/1/2022 - 12/31/2025	4	2022-400 5/12/22	SETTLED
3	IBEW LOCAL 1158 PROSECUTORS EXCL	71	1/1/2022 - 12/31/2024	3	2023-360 4/13/23	SETTLED
4	UNION COUNTY SOC SVCS CWA AFL-CIO	64	7/1/2020 – 12/31/2024	4 yrs & 6 mo	2022-779 9/15/22	SETTLED
6	TEAMSTERS LOCAL 469-PRIMARY SUPVRS-SOC SERVICES	63	1/1/2021-12/31/2025	5	2022-846 10/6/22	SETTLED
7	HPAE LOCAL 5112 AFL-CIO NURSES	89	1/1/2022 – 12/31/2025	4	2022-1027 12/1/22	SETTLED
8	ASST PROSECUTOR ASSOC- PROSECUTORS	59	1/1/2024 - 12/31/2025	2	2023-964 11/9/2023	SETTLED
9	PBA LOCAL 73A SUP OFFCR ASSOC COUNTY POL SUPVR	68	1/1/2022 – 12/31/2024	3	2021-1006 12/16/21	SETTLED
10	PBA 199A CORRECTION SUPERIOR OFFICERS	56	1/1/2022 - 12/31/2026	5	2022-398 5/12/22	SETTLED

11	FMBA (NAGE LOC R2-343/SEIU 5000) HAZMAT TECHS & RESPNDERS	72	1/1/2018 - 12/31/2020	3	2018-959 11/8/18	IN NEGOTIATIONS
12	PBA LOCAL 250 PROS DETEC AND INVEST	61	1/1/2021 - 12/31/2025	5	2023-723 8/17/23	SETTLED
13	PBA LOCAL 250A SUPERIOR OFFICERS ASSOC PROS DETEC AND INVEST	58	1/1/2021 - 12/31/2025	5	2023-724 8/17/23	SETTLED
14	PBA LOCAL 199 CO CORRECTION OFFICERS	57	1/1/2023 – 12/31/2023	1	2022-574 6/23/22	EXPIRED
15	PBA LOCAL 73 COUNTY POLICE	65	1/1/2021 - 12/31/2021	1	2021-935 12/2/21	EXPIRED PENDING NEGOTIATIONS
16	PBA LOCAL 108A SHERIFF SUPERIOR OFFICERS	69	1/1/2021 - 12/31/2022	2	2022-263 3/24/22	EXPIRED
17	PBA LOCAL 108 SHERIFFS OFFICERS	55	1/1/2021 - 12/31/2022	2	2022-399 5/12/22	EXPIRED
18	PBA LOCAL 203 WGHTS & MEAS	53	1/1/2021 - 12/31/2024	4	2023-273 3/16/2023	SETTLED
19	UNION COUNTY SUPERVISORS ASSOC	52	1/1/2018 - 12/31/2020	2	2022-847 10/6/22	EXPIRED
20	PARK MAINTENANCE ASSOC	66	1/1/2019 – 12/31/2022	4	2021-810 10/21/21	EXPIRED
21	UNION CO SOCIAL SERVICES TMSTRS 469 SECONDARY SUPVRS	60	1/1/2022 - 12/31/2025	4	2022-1028 12/1/22	SETTLED
22	INTERNATIONAL ASSOC. OF EMTs AND PARAMEDICS NAGE/SEIU LOCAL 5000	74	10/19/2018 - 12/31/2023	5 yrs & 2.5 mo	2022-401 5/12/22	EXPIRED

Pension Benefits

County employees are principally covered under the New Jersey Public Employees Retirement System (PERS). Law enforcement officers are covered by the Police and Firemen's Retirement System (PFRS).

These employees are on a contributory basis with a contribution funded by the County. The County's expense in connection with the New Jersey Public Employees Retirement System and Police and Fireman Retirement System is funded on an actuarial basis provided by the State. The County is assessed on an annual basis. The sheriff employees' funds are on a noncontributory basis with the total expense funded annually by the County. In 2010 the County initiated the Defined Contribution Retirement Program (DCRP) for the employees who are not eligible for PERS or PFRS.

The County was not required to contribute to the Public Employees Retirement System from 1998 to 2004, nor to the Police and Firemen's Retirement System from 2000 to 2003. County contributions were reinstated on a graduated basis in 2003 as shown on the following schedule.

Pension Contributions as a Percent of Normal Contributions

	Public Employees	Police And Firemen
Year		
2012	100%	100%
2013	100%	100%
2014	100%	100%
2015	100%	100%
2016	100%	100%
2017	100%	100%
2018	100%	100%
2019	100%	100%
2020	100%	100%
2021	100%	100%
2022	100%	100%
2023	100%	100%

PAYMENTS TO EMPLOYEE RETIREMENT FUNDS FOR YEARS ENDED DECEMBER 31, 2023

	2023 * (Unaudited)	2022	2021	2020	2019
Police & Fire	16,747,393.00	17,874,082.19	16,704,791.16	16,548,794.61	15,292,166.52
Public Employee	19,732,166.70	19,025,913.87	17,923,948.00	16,314,109.00	16,525,613.18
D.C.R.P.	99,939.50	89,190.15	87,844.52	79,189.68	70,802.03
Totals	36,579,499.20	36,989,186.21	34,716,583.68	\$32,942,093.29	\$31,888,581.73

Potential Liability for Accrued Sick Time and Accrued Vacation Time

Employees accrue sick time at the rate of 15 days per year. The time remains accrued until used. At time of retirement, the accrued unused sick time is used as a basis for calculating terminal leave, to a maximum of \$18,000.

In general, employees accrue vacation time at the rate of 15 days per year for the first five years of service and 30 days per year thereafter. However, there are minor variations pursuant to union contracts. The time remains accrued for 2 years; it must be used or it expires. Terminated employees are paid for accrued time at the current rate. No provision is made in the financial statements for the accrued value of terminal leave and vacationtime.

The value of accrued sick time and accrued vacation time totaled approximately \$4,370,952.22 as of December 31, 2023. The County has \$460,757.20 reserved for the payment of these obligations.

Investment of County Funds

Investment of funds by New Jersey counties is governed by State statute. Pursuant to N.J.S.A. 40A:5- 15.1, counties are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America (“U.S. Government Securities”); (2) government money market mutual funds invested in U.S. Government Securities or obligations of New Jersey school districts, municipalities, counties and entities subject to State regulation (“local obligations”); (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular county or a school district located within the particular county; (5) bonds or other obligations having a maturity of 397 days or less (a) constituting local obligations or (b) approved by the Division of Local Government Services of the State Department of Community Affairs; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities, local obligations and repurchase agreements fully collateralized by securities set forth in (1), (3) and (5) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the “Cash Management Fund”); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above or local obligations. Counties are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 *et seq.* or may invest directly in permitted investments to the extent practicable and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in U.S. Government Securities, Federal Government Agency obligations, certain short-term investment grade corporate obligations, commercial paper rated “prime”, certificates of deposit, repurchase agreements involving U.S. Government Securities and Federal Government Agency obligations and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and a quarter of the securities are permitted to mature in as much as two years.

The County has no investments in derivatives.

LITIGATION

The County, its officers and its employees are defendants in various lawsuits. The Office of the County Counsel has reviewed the status of pending lawsuits. The typical claims made against the County in pending lawsuits primarily consist of civil rights actions brought by employees, former employees and prisoners of the County Jail and actions for false arrest or defamation filed against the Prosecutor. In addition, suits have been filed against the County based on alleged negligence arising out of County operations and breach of contract. It is the opinion of the County Counsel that the pending litigation will not be determined so as to result individually or in the aggregate in a final judgement against the County that would substantially and materially affect the financial status of the County.

APPENDIX B

FINANCIAL STATEMENTS OF THE COUNTY



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
County of Union
Elizabeth, New Jersey 07207

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 Union in the State of New Jersey, as of December 31, 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, 2022, 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 Union as of December 31, 2022, or changes in financial position for the year 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 Union, 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 Union 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, 2022, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures and changes in fund balance for the year ended December 31, 2022 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 Union'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.



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 Union'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 June 7, 2023 on our consideration of the County of Union'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 Union's internal control over financial reporting and compliance.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413

Wielkotz & Company, LLC

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

June 7, 2023



COUNTY OF UNION

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2022 and 2021

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Current Fund:			
Cash and Investments	A-4	\$ 266,709,138	250,868,257
Change Fund	A-5	<u>2,750</u>	<u>2,750</u>
		<u>266,711,888</u>	<u>250,871,007</u>
Receivables and Other Assets with Full Reserves:			
Revenue Accounts Receivable	A-7	1,314,181	1,454,468
Interfunds	A-9	<u>103,107,821</u>	<u>86,148,767</u>
		<u>104,422,002</u>	<u>87,603,235</u>
		<u>371,133,890</u>	<u>338,474,242</u>
Federal and State Grant Fund:			
Cash	A-15	160,889,635	122,220,540
Grants Receivable	A-17	<u>97,409,297</u>	<u>50,930,450</u>
		<u>258,298,932</u>	<u>173,150,990</u>
Total Assets		<u>\$ 629,432,822</u>	<u>511,625,232</u>

COUNTY OF UNION

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2022 and 2021

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-10 \$	31,201,330	32,952,785
Accounts Payable	A-11	3,540,865	9,303,865
Encumbrances Payable	A-12	28,504,590	18,271,995
Reserve for Sale of Assets	A-13	8,728,762	10,182,836
Exchange Account	A-14		192
		<u>71,975,547</u>	<u>70,711,673</u>
Reserve for Receivables	Contra	104,422,002	87,603,235
Fund Balance	A-1	<u>194,736,341</u>	<u>180,159,334</u>
		<u>371,133,890</u>	<u>338,474,242</u>
Federal and State Grant Fund:			
Encumbrances Payable	A-16	60,767,526	29,287,055
Reserve for State and Federal Grants - Appropriated	A-18	144,249,058	89,646,515
Reserve for State and Federal Grants - Unappropriated	A-19	23,363	209,570
Interfunds	A-20	<u>53,258,985</u>	<u>54,007,850</u>
		<u>258,298,932</u>	<u>173,150,990</u>
Total Liabilities, Reserves and Fund Balance	\$	<u><u>629,432,822</u></u>	<u><u>511,625,232</u></u>

See accompanying notes to financial statements.

COUNTY OF UNION

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

Current Fund

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues and Other Income:		
Fund Balance Utilized	\$ 37,750,000	37,000,000
Miscellaneous Revenue Anticipated	273,530,655	245,806,033
Receipts from Current Taxes	367,295,299	367,295,299
Non-Budget Revenue	10,807,145	9,360,828
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	29,184,321	35,347,030
Prior Year Interfunds Returned	24,954	1,226,524
Cancellation of Accounts Payable	8,359,814	4,831,471
Cancellation of Appropriated Grants	<u>179,680</u>	<u>153,659</u>
Total Revenues and Other Income	<u>727,131,868</u>	<u>701,020,844</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	159,631,331	170,881,447
Other Expenses	371,386,375	325,084,344
Capital Improvement Fund	6,050,000	6,050,000
Debt Service	69,350,291	74,731,697
Deferred Charges and Statutory Expenditures	48,483,176	46,127,746
Interfunds Advanced (Net)	19,719,794	
Grant Receivables Canceled	4	7
Prior Years Adjustment	22,029	
Refund of Prior Year Revenue	<u>161,861</u>	<u>296,160</u>
Total Expenditures	<u>674,804,861</u>	<u>623,171,401</u>
Statutory Excess to Surplus	52,327,007	77,849,443
Fund Balance, January 1,	<u>180,159,334</u>	<u>139,309,891</u>
	232,486,341	217,159,334
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>37,750,000</u>	<u>37,000,000</u>
Fund Balance, December 31,	<u>\$ 194,736,341</u>	<u>180,159,334</u>

See accompanying notes to the financial statements.

COUNTY OF UNION
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2022

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 37,750,000	37,750,000	
Miscellaneous Revenues Anticipated:			
<i>Local Revenues:</i>			
County Clerk	1,750,000	2,003,693	253,693
Surrogate	175,000	221,909	46,909
Sheriff	110,000	1,238,285	1,128,285
Interest on Investments and Deposits	350,000	2,856,611	2,506,611
County Hospital Board of Pay Patients	12,500,000	18,345,673	5,845,673
Register - Realty Transfer Fees	5,500,000	8,316,237	2,816,237
Department of Parks and Recreation Facilities Revenue	6,500,000	7,722,087	1,222,087
Permits - County Road Department	120,000	187,520	67,520
Rent - 921 Elizabeth Avenue	457,000	499,280	42,280
	<u>27,462,000</u>	<u>41,391,295</u>	<u>13,929,295</u>
<i>State Aid:</i>			
County College Bonds (N.J.S.A. 18A:64A-22.6)	<u>1,941,645</u>	<u>1,941,645</u>	
<i>State Assumption of Costs:</i>			
Supplemental Social Security Income	<u>1,555,268</u>	<u>1,360,325</u>	<u>-194,943</u>
<i>Public and Private Programs:</i>			
Alcohol/Drug Abuse (A/DA) Innovative Grant	170,574	170,574	
American Rescue Plan Act (ARPA) - State & Local Fiscal Recovery Funds	65,295,900	65,295,900	
Area Plan Contract ARPA	1,180,421	1,180,421	
BJA FY 22 Prosecuting Cold Cases Using DNA Grant	500,000	500,000	
BJA Union County Police Body Worn Camera Grant	152,850	152,850	
Body Armor Grant	26,729	26,729	
CARES Act-CSBG CV Funds	2,669,052	2,669,052	
Child Advocacy Development Grant - Capital	195,827	195,827	
Childhood Lead Exposure	337,459	337,459	
Clean Communities Program	63,420	63,420	
Community Employment Grant - Kessler Foundation Award	21,000	21,000	
Community Services Block Grant (CSBG)	937,763	937,763	
Comprehensive Alcohol Program	831,277	831,277	
Comprehensive Control Grant	34,845	34,845	
Comprehensive Traffic Safety Program	78,600	78,600	
Council on the Arts Block Grant	434,439	434,439	
COPS Technology and Equipment Program	1,270,000	1,270,000	
County Environment Health Act (CEHA)	252,272	252,272	
COVID-19 Vaccination Supplemental Fund	450,000	450,000	
Department of Corrections State Aid	3,500,000	3,500,000	
DHSTS COVID-19 Vaccination Supplement 2022	200,000	200,000	
DMHAS Youth Leadership Grant	53,720	53,720	
DOL - Work First NJ - GA SNAP	818,056	818,056	
DOL - Work First NJ - WFNJ TANF	1,301,368	1,301,368	
DOL - Work First NJ - WFNJ Admin	289,012	289,012	

COUNTY OF UNION

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
DOL - Workforce Innovation & Opportunity Act (WIOA) - Adult	1,260,961	1,260,961	
DOL - Workforce Innovation & Opportunity Act (WIOA) - Youth	1,224,800	1,224,800	
DOL - Workforce Innovation & Opportunity Act (WIOA) - Dislocated Worker	1,461,731	1,461,731	
DOL - Workforce Innovation & Opportunity Act (WIOA) - Data Reporting & Analysis	25,942	25,942	
DOL - Workforce Innovation & Opportunity Act (WIOA) - Other OJT Funds	150,000	150,000	
DOL - Workforce Learning Link	84,000	84,000	
Drug Recognition Expert (DRE) Callout Program	73,950	73,950	
East Front Street Intersection Improvements - City of Plainfield	1,631,319	1,631,319	
Edward Byrne Memorial JAG-Multi-Jurisdictional Gangs, Guns & Narcotics	167,878	167,878	
Emergency Management Performance (EMPG)/(EMAA)	110,000	110,000	
Emergency Rental Assistance Program-Rd 2-US Dept of Treasury	9,225,825	9,225,825	
Family Court Services	248,737	248,737	
Federal Financial Participation - (APC)	44,438	44,438	
FTA Section 5310 Mobility Management Program	545,663	545,663	
FY23 Legislative Grant (Capital Projects)	30,000,000	30,000,000	
Governor Alliance to Prevent Alcoholism and Drug Abuse	244,862	244,862	
HAVA Physical Security Grant Program	80,815	80,815	
Home ARP Grant Funds	222,817	222,817	
Home Health Aid Program-Div. of Public Welfare	100,000	100,000	
Homeland Security Grant	307,624	307,624	
Human Services Advisory Council (HSAC)	314,285	314,285	
Insurance Fraud Program	250,000	250,000	
Jail Diversion Program	66,950	66,950	
Jersey Assistance for Community Caregiving (JACC)	57,000	57,000	
Juvenile Detention Alternative Initiative (JDAI)	120,000	120,000	
Law Enforcement-Officers Training & Equipment Fund (LEOTEF)	16,317	16,317	
LEAP Fellowship Grant	50,000	50,000	
LEAP Implementation Grant	125,000	125,000	
Local Information Networks Communication (LINCS)	723,072	723,072	
Low Income Home Energy Assistance Program (LIHEAP)	18,594	18,594	
Medicaid Reimbursement LogistiCare	20,000	20,000	
Medication Assisted Treatment for Substance Use Disorder in NJ County Jails	735,600	735,600	
NJ DFD Code Blue(CB) Support	120,000	120,000	
NJ Historical Commission Grant	94,166	94,166	
NJ Job Access and Reverse Commute (NJ JARC)	375,000	375,000	
Older Americans Act Title III - Area Plan Contract (APC) - Federal	2,340,579	2,340,579	
Older Americans Act Title III - Area Plan Contract (APC) - State	1,068,816	1,068,816	
Operation Helping Hand-Overdose to Data Action Grant	50,000	50,000	
Opioid Litigation Recovery Fund	357,566	357,566	
Opioid Public Health Crisis Response-Operation Helping Hand	123,809	123,809	
Paratransit Aging	152,763	152,763	
Personal Attendant Services Program (PASP)	46,782	46,782	
Rape Prevention & Education (RPE) SOSA-SAARC	8,240	8,240	
Recovery Mobile Van Program	200,000	200,000	
Recreational Opportunities for Individuals with Disabilities (ROID)	35,000	35,000	
Recycling Enhancement Act Grant	469,800	469,800	
Reservoir Dredging & Pollution Remediation Project	8,250,000	8,250,000	
Respite Care Program	348,566	348,566	
Right to Know Project	16,401	16,401	
Senior Citizens Disabled Resident Transportation Program (SCDR) - Admin.	141,344	141,344	
Senior Citizens Disabled Resident Transportation Program (SCDR) - Operation	923,406	923,406	
Senior Farmers Market Grant	2,760	2,760	
Senior Health Insurance Program (SHIP)	34,000	34,000	

COUNTY OF UNION

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Sexual Assault Abuse & Rape Care (SAARC) - Expansion Direct Services	287,088	287,088	
Sexual Assault Response Team/Forensic Nurse Examiner Program - SANE	170,399	170,399	
SASS (Community Care for the Elderly)	469,725	469,725	
SNAP Admin. Funding (ARPA)	299,990	299,990	
Social Services for the Homeless (SSH)	1,166,018	1,166,018	
Social Services for the Homeless (SSH) - TANF	155,304	155,304	
State Office on Aging Grant	58,000	58,000	
State/Community Partnership Program	440,426	440,426	
STOP Violence Against Women - VAWA-DV Advocate	37,223	37,223	
Subregional Support Program	15,000	15,000	
Subregional Transportation Planning Program	137,822	137,822	
SuperNofa Continuum of Care (COCR) Grant	4,780,402	4,780,402	
Sustained Enforcement Grant (Formerly STEP)	65,800	65,800	
UCBOE Early Voting EV Equipment and Warehouse Rental Grant	1,183,040	1,183,040	
UCBOE Kenilworth 2022 Special School Election Reimbursement	23,361	23,361	
UCBOE Poll Worker Pay Reimbursement(Primary and General)	810,000	810,000	
UCBOE Rahway 2021 Special School Election Reimbursement Grant	1,070	1,070	
UCBOE Relocation of Ballot Drop Box Grant	137,035	137,035	
Universal Service Fund - CWA Administration	12,396	12,396	
Urban Area Security Initiative Program (UASI)	2,506,418	2,506,418	
US Department of Agriculture/NSIP (USDA) (APC)	305,229	305,229	
US DOJ - DNA Capacity Enhancement & Backlog Reduction Grant	1,450,187	1,450,187	
UCVTS Shared Service Agreement - Health & Prescription	2,237,973	2,237,973	
Veterans Transportation Program	12,000	12,000	
Victims of Crime Act (VOCA) Victim Assistance Grant (VAG) Program	145,000	145,000	
Victims of Crime Act - VOCA	451,631	451,631	
	<u>163,290,299</u>	<u>163,290,299</u>	
<i>Other Special Items:</i>			
Constitutional Officers - Increased Fees (P.L. 2001, c. 370):			
County Clerk	1,800,000	2,011,182	211,182
Surrogate	230,000	427,307	197,307
Sheriff	285,000	814,880	529,880
Reimbursement from State and Federal Grant Programs:			
Fringe Benefits Expenditures	2,000,000	3,064,524	1,064,524
Indirect Costs	350,000	685,362	335,362
Education Building Aid	445,000	414,693	-30,307
Debt Service - Open Space	5,144,866	5,144,866	
New Jersey Division of Economic Assistance - Earned Grant	40,000,000	42,789,763	2,789,763
Franchise Fees - Jersey Gardens	50,000	371,191	321,191
Title IV D-Facility Reimbursement	1,050,000	1,642,514	592,514
Pilot's	450,000	711,760	261,760
Open Space - Parks Maintenance	2,500,000	2,500,000	
Rental Income UC College/Trinitas Hospital Kellogg Building	180,000	200,000	20,000
Dispatch Services	650,000	1,158,905	508,905
Ambulance Services	940,000	1,610,144	670,144
Union County Utilities Authority	500,000	500,000	
Sale of Asset - County Infrastructure Program	1,500,000	1,500,000	
	<u>58,074,866</u>	<u>65,547,091</u>	<u>7,472,225</u>
Total Miscellaneous Revenues Anticipated	<u>252,324,078</u>	<u>273,530,655</u>	<u>21,206,577</u>
Subtotal General Revenues	<u>290,074,078</u>	<u>311,280,655</u>	<u>21,206,577</u>
Amount to be Raised by Taxation	<u>367,295,299</u>	<u>367,295,299</u>	
Budget Totals	<u>\$ 657,369,377</u>	<u>678,575,954</u>	<u>21,206,577</u>
Miscellaneous Revenue Not Anticipated (Nonbudget)		<u>10,807,145</u>	
		<u>\$ 689,383,099</u>	

COUNTY OF UNION
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2022

Added and Omitted County Taxes		\$	1,454,468
Miscellaneous Revenue Not Anticipated:			
ATM Commissions	\$	554	
Auction Proceeds		140,205	
Autopsy/Med Exam		814	
Bail Forfeitures		725	
Cell - AT&T Scotch Plains		38,461	
Cell - Verizon Scotch Plains		38,274	
Check Fees		220	
CIS Oakwood Plaza		269,605	
Composte Selling		102,218	
Constitutional Officers		96,238	
Construction Board Appeal		3,200	
Copies		871	
Corrections Processing Fee		17,509	
County Police Reimbursement		1,172	
Countywide Vending Machines		8,968	
DDD Inst. Developmentally Disabled		335,573	
Elections - Clerk		388,678	
Elections - Election Board		244,449	
Fire Training Academy		106,200	
Health (Food) Inspections		6,095	
Hurricane Ida		641,970	
Immunizations		2,749	
Insurance Refund/RX Rebates		3,168,554	
Interest on Bond Proceeds		5,676	
Jail Inmate Medical Co-Pay		45	
Jail Reimbursement State Prisoners		10,995	
Jobs in Blue (Admin.)		213,256	
Jobs in Blue (Vehicles Fee)		274,958	
Leaf Disposal		427,606	
Lease Fiber Optic Line		62,136	
Lease No. Broad St.		600	
Liens		3,738	
Mental Health Director		9,000	
Miscellaneous		812,392	
Motor Vehicles		359,319	
Park Mad. UCIA		217,488	
Park Police		2,271	
Payroll Refunds		5,575	
Planning Board		14,627	
Postage Reimbursement		12,164	
Print & Dup.		35,244	
Probation		1,390	
Prosecutor Discovery		4,500	
Prosecutor OT		16,123	
Redistricting		24,290	
Restitution		12,303	
Sale Assets/Scrap		23,126	
Sale of Land		121,700	
Service Fees Court		121,568	
Shared Services Scotch Plains		90,000	
Shared Services Berkeley Heights		51,232	
Shared Services Hillside Health		11,965	
Shared Services Roselle Health		154,000	
Sheriff Coop IVD		33,121	
Sheriff OT		44,714	
Site Plan Sub Fees		94,567	
SSA		6,400	
St. Rental Chancery Ct.		92,738	
Tax Refunds		8,593	
Telephone Commissions		50	
Towing Licenses		11,615	
UC Utilities Authority Intricl.		187,654	
UCPD Found Property/Currency		192	
Vacation Purchase		15,055	
Vertical Bridge - Scotch Plains		45,891	
Web Services		6,000	
Worker's Comp.		93,498	
			<u>9,352,677</u>
		\$	<u><u>10,807,145</u></u>

See accompanying notes to the financial statements.

COUNTY OF UNION
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS:					
GENERAL GOVERNMENT					
County Manager's Office:					
Salaries and Wages	544,998	544,998	404,828	140,170	
Other Expenses	171,500	171,500	58,718	112,782	
Special Studies Initiatives	757,000	757,000	586,949	170,051	
Board of County Commissioners:					
Salaries and Wages	541,106	541,106	530,180	10,926	
Other Expenses	103,200	103,200	98,297	4,903	
Annual Audit	235,000	235,000	235,000		
Other Accounting and Auditing Fees	120,000	120,000	72,550	47,450	
County Infrastructure and Improvement Program	1,500,000	1,500,000	1,500,000		
Clerk of the Board:					
Salaries and Wages	1,314,056	1,314,056	1,068,977	245,079	
Other Expenses	240,500	240,500	199,374	41,126	
Status of Women Advisory Board:	5,000	5,000	500	4,500	
County Clerk:					
Salaries and Wages	2,478,704	2,478,704	2,324,486	154,218	
Other Expenses	191,000	191,000	170,864	20,136	
Board of Elections:					
Salaries and Wages	1,949,912	2,026,912	1,962,752	64,160	
Other Expenses	779,997	702,997	674,708	28,289	
Elections (County Clerk):					
Salaries and Wages	282,013	282,013	248,471	33,542	
Other Expenses	1,158,100	1,158,100	1,132,592	25,508	
Department of Finance:					
Office of Director:					
Salaries and Wages	270,790	270,790	267,851	2,939	
Other Expenses	167,500	167,500	119,442	48,058	
Public Obligations Registration Act P.L. 1983 Ch. 243					
Financial Administration:					
Other Expenses	100,000	100,000		100,000	
Division of Reimbursement:					
Salaries and Wages	494,106	494,106	482,647	11,459	
Other Expenses	3,500	3,500	249	3,251	
Division of Treasurer:					
Salaries and Wages	387,404	387,404	374,391	13,013	
Other Expenses	81,000	81,000	7,394	73,606	
Division of Comptroller:					
Salaries and Wages	979,443	979,443	777,478	201,965	
Other Expenses	18,500	18,500	15,778	2,722	
Division of Internal Audit:					
Salaries and Wages	248,062	248,062	174,838	73,224	
Other Expenses	2,500	2,500		2,500	
Aid to Union County Improvement Authority	150,000	150,000	135,000	15,000	

COUNTY OF UNION
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	<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 Law:					
Office of County Counsel:					
Salaries and Wages	1,666,210	1,666,210	1,431,155	235,055	
Other Expenses	120,250	120,250	98,838	21,412	
Office of County Adjuter:					
Salaries and Wages	452,953	452,953	427,487	25,466	
Other Expenses	2,400	2,400	674	1,726	
Department of Administrative Services:					
Office of Director:					
Salaries and Wages	345,940	345,940	276,281	69,659	
Other Expenses	55,400	55,400	6,196	49,204	
Division of Motor Vehicles:					
Salaries and Wages	2,118,859	1,958,291	1,637,929	320,362	
Other Expenses	4,360,000	4,683,000	4,621,297	61,703	
Division of Personnel Management and Labor Relations:					
Salaries and Wages	1,106,025	1,106,025	1,039,510	66,515	
Other Expenses	1,400,000	1,400,000	1,152,790	247,210	
Division of Purchasing:					
Salaries and Wages	577,578	577,578	467,650	109,928	
Other Expenses	262,330	262,330	220,474	41,856	
Board of Taxation:					
Salaries and Wages	294,998	294,998	289,119	5,879	
County Surrogate:					
Salaries and Wages	1,175,010	1,175,010	850,997	324,013	
Other Expenses	30,650	30,650	30,650		
Department of Economic Development:					
Office of Director:					
Salaries and Wages	444,187	444,187	441,831	2,356	
Other Expenses	115,200	115,200	41,925	73,275	
Division of Information Technologies:					
Salaries and Wages	838,543	843,543	839,912	3,631	
Other Expenses	1,857,000	1,857,000	1,823,828	33,172	
Community Development and Housing:					
Salaries and Wages	360,015	360,015	311,128	48,887	
Other Expenses	379,500	379,500	328,708	50,792	
Division of Strategic Planning and Intergovernment:					
Salaries and Wages	595,398	595,398	454,507	140,891	
Other Expenses	425,000	425,000	351,642	73,358	
Insurance:					
Group Insurance Plan for Employees	55,740,884	55,740,884	54,672,657	1,068,227	
Surety Bond Premiums	12,000	12,000	8,745	3,255	
Other Insurance Premiums	9,971,272	9,971,272	7,275,705	2,695,567	
Employees' Prescription Plan	22,890,292	22,890,292	18,239,494	4,650,798	
Dental Plan	800,000	800,000	761,872	38,128	
Disability	325,000	325,000	325,000		

COUNTY OF UNION
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
PUBLIC SAFETY					
Office of the Sheriff:					
Sheriff's Office:					
Salaries and Wages	23,287,483	23,287,483	21,338,983	1,948,500	
Other Expenses	538,000	538,000	501,508	36,492	
Division of Corrections:					
Salaries and Wages	6,539,678	6,539,678	6,146,253	393,425	
Other Expenses	18,070,250	18,070,250	15,170,053	2,900,197	
Juvenile Detention:					
Salaries and Wages	74,290	74,290	74,290		
Other Expenses	2,100,000	2,100,000	1,597,756	502,244	
Department of Public Safety:					
Office of Director:					
Salaries and Wages	330,753	330,753	302,583	28,170	
Other Expenses	4,000	4,000			
Division of Weights and Measures:					
Salaries and Wages	365,765	375,765	367,355	8,410	
Other Expenses	5,320	5,320	3,667	1,653	
Division of Medical Examiner:					
Salaries and Wages	695,683	795,683	727,129	68,554	
Other Expenses	560,224	610,224	559,482	50,742	
Division of Emergency Management:					
Salaries and Wages	1,508,260	1,508,260	1,312,301	195,959	
Other Expenses	379,600	379,600	379,567	33	
Emergency Medical Services:					
Salaries and Wages	1,721,677	1,566,677	1,383,617	183,060	
Other Expenses	100,000	110,000	109,564	436	
Division of Police:					
Salaries and Wages	11,046,233	11,546,233	10,776,324	769,909	
Other Expenses	344,500	344,500	336,167	8,333	
Division of Health:					
Salaries and Wages	556,010	556,010	340,615	215,395	
Other Expenses	140,200	140,200	139,452	748	
County Prosecutor's Office:					
Salaries and Wages	25,041,825	25,041,825	22,189,041	2,852,784	
Other Expenses	916,000	916,000	877,707	38,293	
Contribution to Soil Conservation District (N.J.S. 4:24-22(i)):	37,832	37,832	37,832		

COUNTY OF UNION
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONAL SERVICES					
Department of Engineering, Public Works and Facilities Management:					
Office of Director:					
Salaries and Wages	66,863	66,863	66,863		
Other Expenses	9,700	9,700	8,641	1,059	
Division of Public Works:					
Salaries and Wages	2,539,467	2,539,467	1,872,648	666,819	
Other Expenses	51,200	51,200	50,862	338	
Division of Facilities Management:					
Salaries and Wages	8,065,566	7,815,566	6,823,242	992,324	
Other Expenses	8,389,750	8,389,750	8,296,434	93,316	
Engineering, Land and Facilities Planning:					
Salaries and Wages	1,116,301	1,116,301	1,056,704	59,597	
Other Expenses	432,000	432,000	431,420	580	
Contribution for Flood Control	15,071	15,071	15,071		
HEALTH & WELFARE					
Crippled Children	50,000	50,000	50,000		
Comertstone Psychiatric/Runnells Specialized Hospital:					
Salaries and Wages	7,107,175	7,107,175	6,283,384	823,791	
Other Expenses	7,073,741	7,073,741	7,037,276	36,465	
Adult Diagnostic Center:					
Other Expenses	9,000	9,000		9,000	
Psychiatric Treatment:					
Other Expenses	5,000	5,000		5,000	
Maintenance of Patients in State Institutions for Mental Diseases (N.J.S.A. 30-4-79)	4,816,645	4,816,645	4,794,828	21,817	
Rutgers Behavioral Health Care	16,683	16,683	16,683		
Maintenance of Patients in State Geriatric Center	153,000	153,000	10,946	142,054	
Department of Human Services:					
Office of Director:					
Salaries and Wages	910,468	910,468	904,206	6,262	
Other Expenses	2,080,842	2,053,342	2,035,786	17,556	
Division of Aging:					
Salaries and Wages	387,854	387,854	369,466	18,388	
Other Expenses	2,334,117	2,334,117	2,333,594	523	
Division of Youth Services:					
Salaries and Wages	890,091	790,091	757,053	33,038	
Other Expenses	107,789	107,789	106,964	825	

COUNTY OF UNION
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Employment and Training:					
Salaries and Wages	248,916	248,916	234,668	14,248	
Other Expenses	38,550	38,550	38,546	4	
Division of Social Services:					
Salaries and Wages	37,158,198	37,008,198	35,233,558	1,774,640	
Other Expenses	9,365,244	9,515,244	9,514,301	943	
Division of Individual & Family Support Services:					
Salaries and Wages	641,924	551,924	533,676	18,248	
Other Expenses	809,004	796,504	773,706	22,798	
Division of Paratransit:					
Salaries and Wages	54,200	56,700	54,200	2,500	
Other Expenses	2,289,100	2,514,100	2,471,291	42,809	
Division of Outreach & Advocacy:					
Salaries and Wages	580,680	580,680	558,918	21,762	
Other Expenses	22,100	22,100	20,028	2,072	
RECREATIONAL					
Department of Parks and Recreation:					
Office of Director:					
Salaries and Wages	1,053,607	1,053,607	1,017,780	35,827	
Other Expenses	242,000	242,000	214,887	27,113	
Recreation Facilities:					
Salaries and Wages	2,569,246	2,569,246	2,054,800	514,446	
Other Expenses	8,358,049	8,358,049	8,261,578	96,471	
Division of Planning and Environmental Services:					
Salaries and Wages	647,720	647,720	535,802	111,918	
Other Expenses	107,000	107,000	105,819	1,181	
Park Maintenance:					
Salaries and Wages	3,024,379	3,024,379	2,796,628	227,751	
Other Expenses	595,100	595,100	574,324	20,776	
Cultural and Heritage Affairs:					
Salaries and Wages	174,799	174,799	174,798	1	
Other Expenses	20,200	20,200	11,243	8,957	
EDUCATIONAL					
Office of County Superintendent of Schools:					
Salaries and Wages	271,678	274,178	271,677	2,501	
Other Expenses	12,500	12,500	6,134	6,366	
Union County Community College System					
Vocational Schools	15,895,930	16,060,930	16,054,985	5,945	
Union County Extension Service in Agriculture, Home Economics and 4-H:	5,498,949	5,553,949	5,553,395	554	
Salaries and Wages	46,800	46,800	46,799	1	
Other Expenses	126,914	126,914	121,343	5,571	
Scholarship Program	190,000	190,000	190,000		
Reimbursement for Residents Attending Out-of-County Two-Year Colleges and Vocational Technical Schools (N.J.S. 18A:64A-23) and (N.J.S. 18A:54-23.4)					
Educational Services Commission (N.J.S.A. 40:23-6.11) and (N.J.S.A. 18A:6-67)	217,000	217,000	115,000	102,000	
	70,000	70,000	70,000		

COUNTY OF UNION
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
UNCLASSIFIED					
Prior Year Bills:					
2020 - County Adjuster - New Bridge Medical Center	7,731	7,731	7,731		
2019 - Cornerstone BHHUC - Marley's Security	4,411	4,411	4,411		
2019 - Cornerstone BHHUC - WB Mason	226	226	226		
2020 - Cornerstone BHHUC - WB Mason	647	647	647		
2018 - Corrections - Atlantic Tactical	4,643	4,643	4,643		
2020 - County Clerk - Arreggio Software	2,000	2,000	2,000		
2020 - County Police - IAED	130	130	130		
2020 - Information Technology - Dell, Inc.	3,096	3,096	3,096		
2020 - Information Technology - JCT Solutions	11,847	11,847	11,847		
2020 - Information Technology - Prime Point	452	452	452		
2020 - Engineering - Miovision Technologies	48	48	48		
2018 - Facilities Management - City of Rahway	224	224	224		
2019 - Facilities Management - Optimum	141	141	141		
2018 - Facilities Management - Veritiv	14,271	14,271	14,266	5	
2019 - Prosecutor's Office - NMS Labs	282	282	282		
2020 - Public Safety - Dell Inc.	5,504	5,504	5,504		
2020 - Social Services - Agape House	670	670	670		
2020 - Social Services - BFI	550	550	550		
2020 - Social Services - Gateway YMCA	90	90	90		
2020 - Social Services - Iron Mountain	386	386	386		
2020 - Social Services - PSEG	4,167	4,167	4,167		
2019 - Social Services - Quadient Inc.	435	435	435		
2020 - Social Services - Ratam Howard Johnson	250	250	250		
2020 - Social Services - Sterling Cleaning Services	660	660	660		
2020 - Social Services - WB Mason	11,636	11,636	11,636		
Sick Leave Compensation	1,500,000	1,500,000	1,500,000		
Salary Adjustment	652,432				
UTILITIES (40A-4-45 4H)					
County	8,739,000	8,739,000	8,540,923	198,077	
Cornerstone	7,000	7,000	6,980	20	
Social Services	85,000	85,000	51,086	33,914	
PUBLIC & PRIVATE PROGRAMS OFFSET					
BY REVENUES					
Matching Funds for Grants	180,086	180,086			180,086
Alcohol/Drug Abuse Grant (A/DA Innovative) Grant	170,574	170,574	170,574		
American Rescue Plan Act (ARPA) - State and Local Fiscal Recovery	65,295,900	65,295,900	65,295,900		
Area Plan Contract ARPA	1,180,421	1,180,421	1,180,421		
BJA FY 22 Prosecuting Cold Cases Using DNA Grant	500,000	500,000	500,000		
BJA Union County Police Body Worn Camera Grant	152,850	152,850	152,850		
Body Armor Grant	26,729	26,729	26,729		
CARES Act - Community Development Block Grant Coronavirus (CDBG-CV Funds)	2,669,052	2,669,052	2,669,052		
Child Advocacy Development Grant - Capital	195,827	195,827	195,827		
Childhood Lead Exposure	337,459	337,459	337,459		
Clean Communities Grant	63,420	63,420	63,420		
Community Employment Grant - Kessler Foundation Award	21,000	21,000	21,000		
Community Service Block Grant (CSBG)	937,763	937,763	937,763		
Comprehensive Alcohol Program	831,277	831,277	831,277		
Match	109,962	109,962	109,962		
Comprehensive Cancer Control Grant	34,845	34,845	34,845		
Comprehensive Traffic Safety Program	78,600	78,600	78,600		
Council on the Arts Block Grant	434,439	434,439	434,439		
COPS Technology and Equipment Program	1,270,000	1,270,000	1,270,000		

COUNTY OF UNION
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
County Environmental Health Act (CEHA)	252,272	252,272			
COVID-19 Vaccination Supplemental Fund	450,000	450,000	450,000		
Department of Corrections State Aid	3,500,000	3,500,000	3,500,000		
DHSTS COVID-19 Vaccination Supplement 2022	200,000	200,000	200,000		
DMHAS Youth Leadership Grant	53,720	53,720	53,720		
DOL - Work First NJ - GA SNAP	818,056	818,056	818,056		
DOL - Work First NJ - WFNJ TANF	1,301,368	1,301,368	1,301,368		
DOL - Work First NJ - WFNJ Admin	289,012	289,012	289,012		
DOL - Workforce Innovation & Opportunity Act (WIOA) - Adult	1,260,961	1,260,961	1,260,961		
DOL - Workforce Innovation & Opportunity Act (WIOA) - Youth	1,224,800	1,224,800	1,224,800		
DOL - Workforce Innovation & Opportunity Act (WIOA) - Dislocated Worker	1,461,731	1,461,731	1,461,731		
DOL - Workforce Innovation & Opportunity Act (WIOA) - Data Reporting & Analysis	25,942	25,942	25,942		
DOL - Workforce Innovation & Opportunity Act (WIOA) - Other OIT Funds	150,000	150,000	150,000		
DOL - Workforce Learning Link	84,000	84,000	84,000		
Drug Recognition Expert (DRE) Callout Program	73,950	73,950	73,950		
East Front Street Intersection Improvements - City of Plainfield	1,631,319	1,631,319	1,631,319		
Edward Byrne Memorial JAG-Multi-Jurisdictional Gangs, Guns & Narcotics	167,878	167,878	167,878		
Emergency Management Performance (EMPG)(EMAA)	110,000	110,000	110,000		
Emergency Rental Assistance Program-Rd 2-US Dept of Treasury	9,225,825	9,225,825	9,225,825		
Family Court Services	248,737	248,737	248,737		
Federal Financial Participation - (APC)	44,438	44,438	44,438		
FTA Section 5310 Mobility Management Program	545,663	545,663	545,663		
Match	57,600	57,600	57,600		
FY23 Legislative Grant (Capital Projects)	30,000,000	30,000,000	30,000,000		
Governor Alliance to Prevent Alcoholism and Drug Abuse	244,862	244,862	244,862		
HAVA Physical Security Grant Program	80,815	80,815	80,815		
HOME ARP Grant Funds	222,817	222,817	222,817		
Home Health Aid Program-Div. of Public Welfare	100,000	100,000	100,000		
Homeland Security Grant	307,624	307,624	307,624		
Human Services Advisory Council (HSAC)	314,285	314,285	314,285		
Match	15,900	15,900	15,900		
Insurance Fraud Program	250,000	250,000	250,000		
Jail Diversion Program	66,950	66,950	66,950		
Jersey Assistance for Community Caregivers (JACC)	57,000	57,000	57,000		
Juvenile Detention Alternative Initiative (JDAI)	120,000	120,000	120,000		
LEAP Fellowship Grant	16,317	16,317	16,317		
LEAP Implementation Grant	50,000	50,000	50,000		
Local Information Networks Communication - LINCIS	125,000	125,000	125,000		
Low Income Housing Energy Assistance Program (LIHEAP)	723,072	723,072	723,072		
Medicaid Reimbursement LogistiCare	18,594	18,594	18,594		
Medication Assisted Treatment for Substance Use Disorder in NJ County Jails	20,000	20,000	20,000		
NJ DFD Code Blue (CB) Support	735,600	735,600	735,600		
NJ Historical Commission Grant	120,000	120,000	120,000		
Match	94,166	94,166	94,166		
NJ Job Access and Reverse Commute (NJJARC)	38,666	38,666	38,666		
Match	375,000	375,000	375,000		
Older Americans Act Title III - Area Plan Contract (APC) - Federal	375,000	375,000	375,000		
Older Americans Act Title III - Area Plan Contract (APC) - State	2,340,579	2,340,579	2,340,579		
Match - Home Delivered Meals - State Weekend	1,068,816	1,068,816	1,068,816		
Match - Safe Housing	20,470	20,470	20,470		
Operation Helping Hand-Overdose to Data Action Grant	49,143	49,143	49,143		
Opioid Litigation Recovery Fund	50,000	50,000	50,000		
Opioid Public Health Crisis Response-Operation Helping Hand	357,566	357,566	357,566		
Paratransit - Aging	123,809	123,809	123,809		
Personal Attendant Services Program (PASP)	152,763	152,763	152,763		
Rape Prevention & Education (RPE) SOSA-SAARC	46,782	46,782	46,782		
Match	8,240	8,240	8,240		

COUNTY OF UNION
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
Recovery Mobile Van Program	200,000	200,000	200,000		
Recreational Opportunities for Individuals with Disabilities (ROID)	35,000	35,000	35,000		
Match	7,000	7,000	7,000		
Recycling Enhancement Act Grant	469,800	469,800	469,800		
Reservoir Dredging & Pollution Remediation Project	8,250,000	8,250,000	8,250,000		
Respite Care Program	348,566	348,566	348,566		
Match	57,744	57,744	57,744		
Right to Know Project	16,401	16,401	16,401		
Senior Citizens Disabled Resident Transportation Program (SCDR) - Admin.	141,344	141,344	141,344		
Senior Citizens Disabled Resident Transportation Program (SCDR) - Operation	923,406	923,406	923,406		
Senior Farmers Market Grant	2,760	2,760	2,760		
Senior Health Insurance Program (SHIP)	34,000	34,000	34,000		
Sexual Assault Abuse & Rape Care (SAAARC) - Expansion Direct Services	287,088	287,088	287,088		
Sexual Assault Response Team/Forensic Nurse Examiner Program - SANE	170,399	170,399	170,399		
Match	42,600	42,600	42,600		
Social Services Block Grant (Community Care for the Elderly)	469,725	469,725	469,725		
Match	29,131	29,131	29,131		
SNAP Admin. Funding (ARPA)	299,990	299,990	299,990		
Social Services for the Homeless (SSH)	1,166,018	1,166,018	1,166,018		
Social Services for the Homeless (SSH) - TANF	155,304	155,304	155,304		
State Office on Aging Grant	58,000	58,000	58,000		
State/Community Partnership Program	440,426	440,426	440,426		

COUNTY OF UNION
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2022

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
STOP Violence Against Women - VAWA-DV Advocate	37,223	37,223	37,223		
Match	12,408	12,408	12,408		
Subregional Support Program	15,000	15,000	15,000		
Subregional Transportation Planning Program	137,822	137,822	137,822		
Match	34,456	34,456	34,456		
SuperNofa Continuum of Care (COCR) Grant	4,780,402	4,780,402	4,780,402		
Sustained Enforcement Grant (Formerly STEP)	65,800	65,800	65,800		
UCBOE Early Voting EV Equipment and Warehouse Rental Grant	1,183,040	1,183,040	1,183,040		
UCBOE Kenilworth 2022 Special School Election Reimbursement	23,361	23,361	23,361		
UCBOE Poll Worker Pay Reimbursement(Primary and General)	810,000	810,000	810,000		
UCBOE Rahway 2021 Special School Election Reimbursement Grant	1,070	1,070	1,070		
UCBOE Relocation of Ballot Drop Box Grant	137,035	137,035	137,035		
Universal Service Fund - CWA Administration	12,396	12,396	12,396		
Urban Area Security Initiative Program (UASI)	2,506,418	2,506,418	2,506,418		
US Department of Agriculture/NSIP (USDA) (APC)	305,229	305,229	305,229		
US DOI - DNA Capacity Enhancement & Backlog Reduction Grant	1,450,187	1,450,187	1,450,187		
UCVTS Shared Service Agreement - Health & Prescription	2,237,973	2,237,973	2,237,973		
Veterans Transportation Program	12,000	12,000	12,000		
Victims of Crime Act (VOCA) Victim Assistance Grant (VAG) Program	145,000	145,000	145,000		
Victim Witness Advocacy (VOCA) Program	451,631	451,631	451,631		
Match	112,908	112,908	112,908		
Match - Program Income Nutrition	156,926	156,926	156,926		
Total Operation	530,967,706	530,967,706	502,243,210	28,724,496	
Contingent	50,000	50,000		50,000	
Total Operation Including Contingent	531,017,706	531,017,706	502,243,210	28,774,496	
Detail:					
Salaries and Wages	160,492,331	159,631,331	145,324,766	14,306,565	
Other Expenses (Including Contingent)	370,525,375	371,386,375	356,918,444	14,467,931	
Capital Improvement					
Capital Improvement Fund	3,300,000	3,300,000	3,300,000		
Road Resurfacing	2,750,000	2,750,000	2,750,000		
Total Capital Improvements	6,050,000	6,050,000	6,050,000		
County Debt Service					
Payment of Bond Principal					
County College Bonds	3,065,000	3,065,000	3,065,000		
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	2,683,000	2,683,000	2,683,000		
Vocational School Bonds	5,200,000	5,200,000	5,200,000		
Other Bonds	37,560,000	37,560,000	37,560,000		
Interest on Bonds					
County College Bonds	333,689	333,689	333,687		2
State Aid - County College Bonds (N.J.S. 18A:64A-22.6)	387,797	387,796	387,796		1
Vocational School Bonds	970,350	970,350	970,350		
Other Bonds	8,285,563	8,285,563	8,285,563		
Interest on Notes	820,000	820,000	800,000		20,000
Lease to Improvement Authority:					
U.C.I.A.	11,491,061	11,491,061	9,042,860		2,448,201
U.C.I.A. - State Aid - County College Bonds	812,494	812,494	812,494		
DAM Restoration Loan - Principal	185,521	185,521	185,521		
DAM Restoration Loan	24,020	24,020	24,020		
Total County Debt Service	71,818,495	71,818,495	69,350,291		2,468,204

COUNTY OF UNION
Statement of Expenditures-Regulatory Basis

Current Fund					
Year Ended December 31, 2022					
	<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 Unfunded:					
Ordinance #616 X	3,192	3,192	3,192		
Statutory Charges:					
Contributions to:					
Public Employees' Retirement System	19,082,913	19,082,913	19,025,914	56,999	
Social Security System (O.A.S.I.)	11,000,000	11,000,000	8,913,964	2,086,036	
Police and Firemen's Retirement Fund of NJ	18,107,071	18,107,071	17,874,082	232,989	
Defined Contribution Retirement Program	140,000	140,000	89,190	50,810	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	150,000	150,000	150,000		
Total Deferred Charges & Statutory Expenditures	48,483,176	48,483,176	46,056,342	2,426,834	
Total General Appropriations	\$ 657,369,377	657,369,377	623,699,843	31,201,330	2,468,204
	Adopted Budget	513,714,102			
Added by N.J.S.A. 40A:4-87		143,655,275			
	\$	657,369,377			
	Cash \$		424,998,013		
	Reserve for Encumbrances		28,504,590		
	Transfer to Motor Vehicle Trust Fund		2,750,000		
	Capital Improvement Fund		3,300,000		
	Transfer to Unemployment Insurance Trust Fund Reserve		150,000		
	Transfer to Disability Insurance Trust Fund Reserve		325,000		
	Transfer to Accumulated Absences Trust Fund Reserve		1,500,000		
	Grants Appropriated		162,172,240		
	\$		623,699,843		

See accompanying notes to financial statements.

COUNTY OF UNION
Comparative Balance Sheet-Regulatory Basis
Trust Funds
December 31, 2022 and 2021

	<u>Assets</u>	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Other Trust Fund:				
Cash		B-1	\$ 143,874,777	131,213,606
Due from SSA - UCVTS Self-Insurance		B-4	3,109	
			<u>143,877,886</u>	<u>131,213,606</u>
Open Space Preservation Trust Fund:				
Cash		B-1	19,293,861	16,700,056
Green Acres Grant Receivable (Briant Park Conservancy)		B-3		275,000
Taxes Receivable		B-5	43,790	45,124
			<u>19,337,651</u>	<u>17,020,180</u>
Housing Trust Fund:				
Cash		B-1	6,274,092	5,743,337
Accounts Receivable		B-2	23,109,244	23,039,298
			<u>29,383,336</u>	<u>28,782,635</u>
Total Assets			<u>\$ 192,598,873</u>	<u>177,016,421</u>

COUNTY OF UNION
Comparative Balance Sheet-Regulatory Basis
Trust Funds
December 31, 2022 and 2021

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Other Trust Fund:			
Reserve for Miscellaneous Deposits	B-8	99,296,717	94,064,748
Reserve for Motor Vehicle Fines	B-9	3,877,735	4,466,379
Commitments Payable - Other Trust	B-14	4,903,992	9,084,546
Commitments Payable - Motor Vehicle Trust	B-10	265,327	207,984
Interfunds	B-15	35,534,115	23,389,949
		<u>143,877,886</u>	<u>131,213,606</u>
Open Space Preservation Trust Fund:			
Reserve for County Open Space, Recreation, Farmland and Historic Preservation	B-12	10,051,085	10,336,873
Commitments Payable	B-13	3,133,887	2,349,579
Interfunds	B-15	6,152,679	4,333,728
		<u>19,337,651</u>	<u>17,020,180</u>
Housing Trust Fund:			
Interfunds	B-15	3,333,954	3,619,807
Commitments Payable - Housing Trust	B-11	12,690,575	13,058,584
Reserve for Unappropriated Project Funds	B-6	2,324,331	1,921,310
Reserve for Appropriated Project Funds	B-7	11,034,476	10,182,934
		<u>29,383,336</u>	<u>28,782,635</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 192,598,873</u>	<u>177,016,421</u>

See accompanying notes to financial statements.

COUNTY OF UNION
Comparative Balance Sheet-Regulatory Basis
General Capital Fund
December 31, 2022 and 2021

<u>Assets</u>	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Cash	C-2/C-3	\$ 115,340,000	95,416,428
Grants Receivable	C-4	32,637,002	29,509,910
Deferred Charges to Future Taxation:			
Funded	C-5	504,621,610	486,615,131
Unfunded	C-6	167,693,856	186,831,842
Due from Open Space Trust Fund	C-21	<u>2,585,000</u>	<u>2,585,000</u>
Total Assets		\$ <u>820,292,468</u>	<u>800,958,311</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	\$ 397,240,000	378,043,000
New Jersey Dam Restoration Loan Program	C-8	1,061,611	1,247,132
Capital Leases	C-9	106,320,000	107,325,000
Bond Anticipation Notes	C-10	45,000,000	80,000,000
Improvement Authorizations:			
Funded	C-11	59,372,694	44,687,158
Unfunded	C-11	116,489,170	98,127,080
Commitments Payable	C-12	53,448,080	60,492,161
Capital Improvement Fund	C-13	9,020,035	7,920,509
Reserve for Payment of Bonds	C-14	16,904,017	16,898,964
Reserve for Preliminary Expense - Redevelopment Counsel	C-15	29,695	3,321
Reserve for Preliminary Expense - UCIA	C-16	223,125	223,125
Reserve for Preliminary Expense - Parking Deck	C-17	934,966	
Reserve for Arbitrage	C-18	3,920,629	3,678,660
Interfunds	C-20	4,828,088	797,433
Fund Balance	C-1	<u>5,500,358</u>	<u>1,514,768</u>
Total Liabilities		\$ <u>820,292,468</u>	<u>800,958,311</u>

Footnote: There were Bonds and Notes Authorized But Not Issued on December 31, 2022 and 2021 of \$122,829,200 and \$106,920,756, respectively.

See accompanying notes to the financial statements.

COUNTY OF UNION
Statement of Changes in Fund Balance-Regulatory Basis
General Capital Fund
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Balance - January 1,	\$ 1,514,768	7,558,224
Increased by:		
Premium on Bond Sales	6,827	
Premium on Note Sales	833,895	724,880
Accrued Interest on Ch. 12 Bond Sale - State of NJ		18,029
Return of Unused Project Funds	1,807,478	
Improvement Authorizations Cancelled	<u>1,337,390</u>	<u>213,635</u>
	<u>3,985,590</u>	<u>956,544</u>
	5,500,358	8,514,768
Decreased by:		
Appropriation to Finance Improvement Authorizations	<u> </u>	<u>7,000,000</u>
	<u> </u>	<u>7,000,000</u>
Balance - December 31,	<u>\$ 5,500,358</u>	<u>1,514,768</u>

See accompanying notes to the financial statements.

COUNTY OF UNION

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>General Fixed Assets:</u>		
Land and Improvements	\$ 586,472,541	576,284,312
Buildings and Improvements	333,566,121	330,344,775
Machinery and Equipment	37,892,272	35,142,657
Vehicles	<u>38,799,955</u>	<u>38,171,930</u>
	\$ <u><u>996,730,889</u></u>	<u><u>979,943,674</u></u>
 Investment in Fixed Assets	 \$ <u><u>996,730,889</u></u>	 <u><u>979,943,674</u></u>

See accompanying notes to financial statements.

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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 Union 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 Union (the "County") was organized under an act of the New Jersey Legislative on March 19, 1857 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 Union County Utilities Authority, Union County Community College, and the Vocational-Technical High School 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 UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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.

Open Space Reservation Trust Fund - This fund is used to account for dedicated funds received to acquire land, improve recreation facilities, preserve farmland/historic areas and to assist municipalities in the acquisition and improvement of outdoor recreation facilities.

Housing and Urban Development Trust 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 UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 Union. 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 UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 January 26, of the fiscal year. The budget shall be adopted not later than February 25, 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, 2022 and 2021, the Governing Body approved additional revenues and appropriations of \$143,655,275 and \$103,207,585, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2022 and 2021.

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.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as revenue in the year of sale.

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

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

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

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.

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.

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

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

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

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.

General Fixed Assets - The provisions the New Jersey Administrative Code (N.J.A.C. 5:30-5.6) codify and continue the provisions of Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the County as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and as acquisition cost of \$5,000.00 or more per unit. 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. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

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COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

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

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

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.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

There were no new accounting pronouncements implemented during 2022.

GASB Statement No. 87, Leases, which improves the accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. There exists no impact on the financial statements of the County.

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COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

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

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.

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, 2022 and 2021, \$-0- of the County's bank balance of \$716,851,413 and \$606,531,802, 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.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

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

Long-term debt as of December 31, 2022 and 2021 consisted of the following:

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 UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 3. COUNTY DEBT, (continued)

The County's debt is summarized as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Issued			
General			
Bonds, Notes and Loans	\$443,301,611	\$459,290,132	\$482,246,997
Bonds Authorized by Another Public Body			
Guaranteed by the County	<u>77,344,582</u>	<u>79,454,582</u>	<u>79,974,582</u>
Total Issued	<u>520,646,193</u>	<u>538,744,714</u>	<u>562,221,579</u>
Authorized But Not Issued			
General			
Bonds, Notes and Loans	<u>122,829,200</u>	<u>106,920,756</u>	<u>94,637,871</u>
Total Issued and Authorized But Not Issued	<u>643,475,393</u>	<u>645,665,470</u>	<u>656,859,450</u>
Less: Funds Temporarily Held to Pay Bonds and Notes	17,053,052	16,987,879	16,911,731
Bonds issued and bonds authorized but not issued - Capital projects for County Colleges	13,282,500	9,299,000	8,659,000
Bonds Authorized by Another Public Body			
Guaranteed by the County	<u>77,344,582</u>	<u>79,454,582</u>	<u>79,974,582</u>
Total Deductions	<u>107,680,134</u>	<u>105,741,461</u>	<u>105,545,313</u>
Net Debt	<u>\$535,795,259</u>	<u>\$539,924,009</u>	<u>\$551,314,137</u>

The summarized statement of debt condition which follows is extracted from the County's Annual Debt Statement, indicates a statutory net debt of .640% and .694% at December 31, 2022 and 2021, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2022</u>			
General debt	<u>\$643,475,393</u>	<u>\$107,680,134</u>	<u>\$535,795,259</u>
<u>2021</u>			
General debt	<u>\$645,665,470</u>	<u>\$105,741,461</u>	<u>\$539,924,009</u>

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 3. COUNTY DEBT, (continued)

The County's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
2% of equalized valuation basis (county)	\$1,673,807,925	\$1,555,609,038
Net debt	<u>535,794,559</u>	<u>539,924,009</u>
Remaining Borrowing Power	<u><u>\$1,138,013,366</u></u>	<u><u>\$1,015,685,029</u></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>2022</u>	<u>2021</u>
\$62,165,000, 2012 General Improvement Bonds, due in annual installments of \$3,450,000 to \$6,900,000 through March 1, 2024, interest rates at 3.00%	\$13,500,000	\$20,250,000
\$23,190,000, 2012 County Vocational-Technical School Bonds, due in annual installments of \$820,000 to \$1,640,000 through March 1, 2032, interest at various rates from 3.00% to 3.50%	14,920,000	15,810,000
\$10,355,000, 2012 Redevelopment Bonds, due in annual installments of \$370,000 to \$740,000 through March 1, 2032, interest at various rates from 3.00% to 3.50%	6,655,000	7,025,000
\$2,353,000, 2012 County College Bonds, Series A, Ch. 12 State Aid, due in annual installments of \$235,000 to \$238,000 through March 1, 2022, interest at 3.00%		238,000
\$33,620,000, 2013 General Improvement Refunding Bonds, due in annual installments of \$3,690,000 to \$3,855,000 through March 1, 2023, interest at various rates from 2.00% to 5.00%	3,745,000	7,330,000
\$4,965,000, 2013 County Vocational School Refunding Bonds, due in annual installments of \$425,000 to \$580,000 through March 1, 2023, interest at various rates from 2.00% to 5.00%	425,000	990,000

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

	<u>2022</u>	<u>2021</u>
NOTE 3. COUNTY DEBT, (continued)		
\$53,850,000, 2013 General Improvement Bonds, due in annual installments of \$2,200,000 to \$4,400,000 through March 1, 2030, interest at various rates from 2.00% to 3.25%	\$35,200,000	\$38,450,000
\$2,460,000, 2014 County Vocational-Technical School Bonds, due in annual installments of \$205,000 through March 1, 2026, interest at various rates from 2.00% to 3.00%	820,000	1,025,000
\$5,750,000, 2014 County College Bonds, Series A, Ch. 12 State Aid, due in annual installments of \$380,000 to \$385,000 through March 1, 2029, interest at various rates from 2.00% to 3.125%	2,695,000	3,080,000
\$2,220,000, 2014 County College Bonds, Series B, due in annual installments of \$275,000 to \$280,000 through March 1, 2022, interest at various rates from 2.00% to 3.00%		275,000
\$720,000, 2014 Redevelopment Bonds, due in annual installments of \$45,000 through March 1, 2030, interest at various rates from 2.00% to 3.25%	360,000	405,000
\$64,850,000, 2015 General Improvement Refunding Bonds, due in annual installments of \$5,860,000 to \$7,040,000 through February 15, 2028, interest at various rates from 2.00% to 5.00%	41,370,000	47,260,000
\$4,400,000, 2015 County Vocational-Technical Refunding School Bonds, due in annual installments of \$1,095,000 to \$1,100,000 through February 15, 2022, interest at various rates from 0.00% to 5.00%		1,095,000
\$62,810,000, 2016 General Improvement Bonds, due in annual installments of \$2,750,000 to \$5,500,000 through March 1, 2030, interest at 2.00%	41,810,000	46,060,000
\$2,075,000, 2016 County Vocational-Technical School Bonds, due in annual installments of \$200,000 to \$275,000 through March 1, 2026, interest at 2.00%	875,000	1,075,000

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

	<u>2022</u>	<u>2021</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$3,000,000, 2016 County College Bonds, Series A, Ch. 12 State Aid, due in annual installments of \$300,000 through March 1, 2026, interest at 2.00%	\$1,200,000	\$1,500,000
\$9,615,000, 2016 County College Bonds, Series B, due in annual installments of \$615,000 to \$1,000,000 through March 1, 2026, interest at 2.00%	3,615,000	4,615,000
\$37,460,000, 2017 General Improvement Refunding Bonds, due in annual installments of \$400,000 to \$3,785,000 through March 1, 2031, interest at various rates from 0.00% to 4.00%	33,275,000	37,060,000
\$3,240,000, 2017 County Vocational-Technical School Refunding Bonds, due in annual installments of \$35,000 to \$1,080,000 through March 1, 2024, interest at various rates from 0.00% to 4.00%	2,125,000	3,205,000
\$1,735,000, 2017 Redevelopment Bonds, due in annual installments of \$15,000 to \$175,000 through March 1, 2031, interest at various rates from 0.00% to 4.00%	1,545,000	1,720,000
\$3,300,000, 2017 County College Bonds, Series A, Ch. 12 State Aid, due in annual installments of \$330,000 through December 1, 2027, interest at various rates from 2.00% to 2.50%	1,650,000	1,980,000
\$65,850,000, 2018 General Improvement Bonds, due in annual installments of \$3,350,000 to \$6,500,000 through March 1, 2030, interest at 3.00%	49,250,000	54,250,000
\$12,000,000, 2018 County Vocational-Technical Refunding School Bonds, due in annual installments of \$1,000,000 through March 1, 2030, interest at 3.00%	8,000,000	9,000,000
\$3,600,000, 2018 County College Bonds, Series A, Ch. 12 State Aid, due in annual installments of \$360,000 through March 1, 2028, interest at 3.00%	2,160,000	2,520,000

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

	<u>2022</u>	<u>2021</u>
NOTE 3. COUNTY DEBT, (continued)		
\$11,750,000, 2019 County College Bonds, Series B, due in annual installments of \$1,305,000 to \$1,310,000 through March 1, 2027, interest at 3.00%	\$6,530,000	\$7,835,000
\$7,100,000, 2019 County College Bonds, Ch. 12 State Aid, due in annual installments of \$710,000 through March 1, 2029, interest at 2.00%	4,970,000	5,680,000
\$53,960,000, 2020 General Improvement Bonds, due in annual installments of \$4,340,000 to \$5,505,000 through March 1, 2031, interest at various rates from 0.50% to 2.00%	45,160,000	49,620,000
\$1,840,000, 2020 County Vocational-Technical School Bonds, due in annual installments of \$165,000 to \$170,000 through March 1, 2031, interest at various rates from 0.50% to 2.00%	1,510,000	1,675,000
\$3,900,000, 2020 County College Bonds, due in annual installments of \$485,000 to \$490,000 through March 1, 2028, interest at various rates from 0.50% to 2.00%	2,930,000	3,415,000
\$3,600,000, 2021 County College Bonds, Ch. 12 State Aid, due in annual installments of \$360,000 through March 1, 2031, interest at various rates from 1.00% to 2.00%	3,240,000	3,600,000
\$47,680,000, 2022 General Improvement Bonds, due in annual installments of \$2,580,000 to \$5,150,000 through March 1, 2034, interest at various rates from 3.00% to 4.00%	47,680,000	
\$1,790,000, 2022 County Vocational-Technical School Bonds, due in annual installments of \$155,000 to \$205,000 through March 1, 2032, interest at various rates from 3.00% to 4.00%	1,790,000	

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

	<u>2022</u>	<u>2021</u>
NOTE 3. COUNTY DEBT, (continued)		
\$10,650,000, 2022 County College Bonds, County College Bonds, Series A, Ch. 12 State Aid, due in annual installments of \$830,000 to \$980,000 through March 1, 2034, interest at various rates from 3.00% to 4.00%	\$10,650,000	
\$7,585,000, 2022 County College Bonds, County College Bonds, Series B, due in annual installments of \$685,000 to \$800,000 through March 1, 2032, interest at various rates from 3.00% to 4.00%	<u>7,585,000</u>	<u> </u>
	<u>\$397,240,000</u>	<u>\$378,043,000</u>

Intergovernmental Loans Payable

The County has entered into a loan agreement with New Jersey Department of Environmental Protection for the financing relating to the Dam Restoration Program.

	<u>2022</u>	<u>2021</u>
\$800,000 2007 Loan, due in semi-annual installments of \$17,974 to \$51,180 through July 1, 2026, interest at 2.00%	\$198,748	\$246,012
\$1,693,890 2009 Loan, due in semi-annual installments of \$35,727 to \$102,745 through January 14, 2029, interest at 2.00%	639,033	730,214
\$750,000 2009 Loan, due in semi-annual installments of \$18,630 to \$50,977 through February 9, 2027, interest at 2.00%	<u>223,830</u>	<u>270,906</u>
	<u>\$1,061,611</u>	<u>\$1,247,132</u>

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 3. COUNTY DEBT, (continued)

The County's principal and interest for long-term debt issued and outstanding at December 31, 2022 is as follows:

Calendar Year	Bonds		Loans		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$54,080,000	\$11,392,728	\$189,250	\$20,291	\$65,682,269
2024	50,635,000	9,343,506	193,054	16,487	60,188,047
2025	45,745,000	8,051,181	196,934	12,606	54,005,721
2026	46,330,000	6,818,578	200,892	8,648	53,358,118
2027	45,020,000	5,491,125	126,592	4,870	50,642,587
2028-2032	143,210,000	10,631,338	154,889	3,108	153,999,335
2033-2034	<u>12,220,000</u>	<u>382,500</u>			<u>12,602,500</u>
	<u>\$397,240,000</u>	<u>\$52,110,956</u>	<u>\$1,061,611</u>	<u>\$66,010</u>	<u>\$450,478,577</u>

NOTE 4. BOND ANTICIPATION NOTES

The County issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2022 and 2021, the County had \$45,000,000 and \$80,000,000, respectively, in outstanding General Capital bond anticipation notes.

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2022 and 2021:

<u>2022</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
RBC Capital Markets	\$80,000,000	\$	\$80,000,000	\$0
BofA Securities, Inc.		45,000,000		45,000,000
	<u>\$80,000,000</u>	<u>\$45,000,000</u>	<u>\$80,000,000</u>	<u>\$45,000,000</u>
<u>2021</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Mesirow Financial, Inc.	\$60,000,000	\$	\$60,000,000	\$0
RBC Capital Markets		80,000,000		80,000,000
	<u>\$60,000,000</u>	<u>\$80,000,000</u>	<u>\$60,000,000</u>	<u>\$80,000,000</u>

NOTE 5. CAPITAL LEASES PAYABLE

The County of Union and the Union County Improvement Authority entered into agreements which:

- A. Leases a parcel of land owned by the County to the Authority upon which the Authority constructed a Correctional Facility Project. The Authority is to pay the sum \$1 per year to the County under the terms of the lease.
- B. Leases the Authority's Correctional Facility Project to the County. The lease requires the County to pay the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. The Union County Improvement Authority issued Revenue Refunding Bonds in order to refund a portion of the project bonds and to restructure the County's basic annual rent. As additional rent, the County will pay the annual administrative fee and actual legal and accounting expenses incurred by the Authority.
- C. Leases certain items of equipment and projects to the County. The leases require the County to pay to the Authority a "basic" Annual rent equal to the debt service on the equipment and project Lease Revenue Bonds outstanding. As additional rent, the County will pay the administrative fees incurred by the Authority.

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 5. CAPITAL LEASES PAYABLE, (continued)

Annual debt service requirements for these capital leases are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$5,875,000	\$3,908,978	\$9,783,978
2024	5,660,000	3,653,421	9,313,421
2025	7,555,000	3,387,891	10,942,891
2026	7,750,000	3,098,516	10,848,516
2027	6,215,000	2,812,369	9,027,369
2028-2032	33,445,000	10,290,046	43,735,046
2033-2037	23,385,000	3,391,236	26,776,236
2038-2042	16,435,000	1,308,937	17,743,937
	<u>\$106,320,000</u>	<u>\$31,851,394</u>	<u>\$138,171,394</u>

NOTE 6. DEFICIENCY AND GUARANTEE AGREEMENTS

The County has an agreement with the Union County Improvement Authority in which the County agreed to guarantee the punctual payment of the principal and interest on the following Long-Term Bonds issued by the Authority.

	<u>2022</u>	<u>2021</u>
\$2,900,000, Guaranteed Revenue Bonds: Linden Theater Redevelopment Project Series 2004 due in annual installments of \$95,000 to \$220,000 through March 1, 2025, interest at various rates from 0.00% to 5.12%	\$630,000	\$820,000
\$2,575,000, Guaranteed Lease Revenue Bonds: Union County Child Advocacy Center Project Series 2010 due in annual installments of \$130,000 to \$215,000 through September 1, 2025, interest at various rates from 1.50% to 4.00%	620,000	810,000
\$2,179,582, Guaranteed Lease Revenue Bonds: Union County Oakland Plaza-Elizabeth Project Series 2015 (Federally Taxable) due in one installment of \$2,179,582 through December 1, 2047, interest at various rates from 0.00% to 0.963%	2,179,582	2,179,582

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 6. DEFICIENCY AND GUARANTEE
AGREEMENTS, (continued)

\$7,860,000, Guaranteed Lease Revenue Bonds: Union County Family Court Building Project Series 2017 due in annual installments of \$200,000 to \$470,000 through May 1, 2042, interest at various rates from 2.125% to 4.00%	6,800,000	7,025,000
\$19,620,000, Guaranteed Lease Revenue Bonds: Union County Oakwood Plaza-Elizabeth Project Series 2019 (Federally Taxable) due in annual installments of \$95,000 to \$ 1,555,000 through December 1, 2040, interest at various rates from 3.216% to 5.75%	18,180,000	18,785,000
\$46,205,000, Guaranteed Lease Revenue Refunding Bonds: Union County Family Court Building Project Series 2021 (Federally Taxable) due in annual installments of \$360,000 to \$3,020,000 through May 1, 2042, interest at various rates from 0.163% to 3.152%	44,920,000	45,280,000
\$5,055,000, Guaranteed Revenue Bonds: Renewable Energy Project Series 2021 due in annual installments of \$1,005,000 to \$1,040,000 through October 5, 2026, interest at 5.00%	<u>4,015,000</u>	<u>5,055,000</u>
	<u>\$77,344,582</u>	<u>\$79,454,582</u>

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COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 7. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2022 and 2021.

	Balance			Balance
<u>2022</u>	<u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Dec. 31, 2022</u>
Land	\$576,284,312	\$10,188,229	\$	\$586,472,541
Buildings and Improvements	330,344,775	3,221,346		333,566,121
Machinery and Equipment	35,142,657	3,172,763	423,148	37,892,272
Vehicles	38,171,930	1,267,743	639,718	38,799,955
	<u>\$979,943,674</u>	<u>\$17,850,081</u>	<u>\$1,062,866</u>	<u>\$996,730,889</u>

	Balance			Balance
<u>2021</u>	<u>Dec. 31, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Dec. 31, 2021</u>
Land	\$569,320,663	\$6,963,649	\$	\$576,284,312
Buildings and Improvements	326,210,398	4,134,377		330,344,775
Machinery and Equipment	33,287,837	2,167,444	312,624	35,142,657
Vehicles	39,317,990	762,825	1,908,885	38,171,930
	<u>\$968,136,888</u>	<u>\$14,028,295</u>	<u>\$2,221,509</u>	<u>\$979,943,674</u>

NOTE 8. INTERFUND BALANCES AND ACTIVITY

Balance due to/from other funds at December 31, 2022 consist of the following:

\$53,258,985	Due to the Current Fund from the Federal and State Grant Fund for expenditures not reimbursed by the Federal and State Grant Fund.
4,828,088	Due to the Current Fund from the Capital Fund for excess funds.
14,281,690	Due to the Current Fund from the Other Trust Fund for expenditures not reimbursed.
21,252,425	Due to the Current Fund from the Motor Vehicle Trust Fund for expenditures not reimbursed.
6,152,679	Due to the Current Fund from the Open Space Preservation for expenditures not reimbursed.
<u>3,333,954</u>	Due to the Current Fund from the Housing Trust Fund for expenditures not reimbursed.
<u>\$103,107,821</u>	

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 9. 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>2023</u>	<u>2022</u>
Current Fund	<u>\$37,750,000</u>	<u>\$37,750,000</u>

NOTE 10. 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 \$18,000 depending on the employee's number of unused sick days within their existing contract.

It is estimated that the current cost of such unpaid compensation, which was not audited by us would approximate \$6,687,994 and \$5,075,077 at December 31, 2022 and 2021, 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 \$322,323 and \$292,932 at December 31, 2022 and 2021, respectively.

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COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 11. 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 Comprehensive Financial Report (ACFR) 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

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

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 11. EMPLOYEE RETIREMENT SYSTEM, (continued)

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 Comprehensive Financial Report (ACFR) 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

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.

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 11. EMPLOYEE RETIREMENT SYSTEM, (continued)

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.

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>
2022	\$18,932,913	\$17,807,071	\$89,190
2021	17,669,400	16,704,791	87,845
2020	16,314,109	15,989,507	79,190

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 11. EMPLOYEE RETIREMENT SYSTEM, (continued)

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.

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, 2022, the County had a liability of \$148,090,934 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the County's proportion was 0.9812950644 percent, which was an increase/(decrease) of (0.0115097275) percent from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the County recognized pension expense of \$18,932,913. At December 31, 2022, 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	\$1,068,852	\$942,576
Changes of assumptions	458,832	22,175,076
Net difference between projected and actual earnings on pension plan investments	6,129,350	
Changes in proportion and differences between the County's contributions and proportionate share of contributions	<u>3,475,218</u>	<u>5,222,595</u>
Total	<u>\$11,132,252</u>	<u>\$28,340,247</u>

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 11. 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, 2021) 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	\$(12,703,093)
2022	(6,471,799)
2024	(3,156,170)
2025	6,855,570
2026	(15,125)

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 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,091,376,611	11,846,499,172
County's Proportion	0.9812950644%	0.9928047919%

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 11. 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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. 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, 2021 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 UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 11. 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, 2022) 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, 2022 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	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
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(continued)

NOTE 11. 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, 2021. 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 78% 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, 2022, 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:

	<u>June 30, 2022</u>		
	<u>1%</u>	<u>At Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
County's proportionate share of the pension liability	\$190,610,543	\$148,090,934	\$111,905,035

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 11. 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, 2022, the County had a liability of \$138,101,494 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the County's proportion was 1.2065105400 percent, which was an increase/(decrease) of (0.21708123) percent from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the County recognized pension expense of \$17,807,071. At December 31, 2022, 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	\$6,250,842	\$8,460,593
Changes of assumptions	378,482	17,384,250
Net difference between projected and actual earnings on pension plan investments	12,646,039	33,429,501
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>9,634,797</u>	<u> </u>
Total	<u>\$28,910,160</u>	<u>\$59,274,344</u>

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
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(continued)

NOTE 11. 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, 2022) 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	(\$6,907,277)
2024	(4,414,181)
2025	(4,204,996)
2026	8,783,583
2027	84,649
Thereafter	88,741

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 6.22, 6.17, 5.90, 5.92, 5.73, 5.59 and 5.58 years for 2022, 2021, 2020, 2019, 2018, 2017 and 2016 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$2,163,793,985	\$817,271,932
Collective deferred inflows of resources	2,805,919,493	6,875,738,520
Collective net pension liability	11,446,356,176	7,309,152,035
County's Proportion	1.2065105400%	1.4235917652%

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
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(continued)

NOTE 11. 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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

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

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

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
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(continued)

NOTE 11. 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, 2022) 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, 2022 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	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11. 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, 2022. 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, 2022, 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, 2022		
	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	\$198,635,841	\$138,101,494	\$87,706,355

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
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(continued)

NOTE 11. 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, 2022 and 2021, the State proportionate share of the net pension liability attributable to the County for the PFRS special funding situation is \$24,578,017 and \$29,264,742, respectively. For the years ended December 31, 2022 and 2021, 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 \$2,835,653 and \$3,259,238, respectively, which is more than the actual contributions the State made on behalf of the County of \$3,059,843 and \$2,542,208, 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 UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
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(continued)

NOTE 12. SELF-INSURANCE DISABILITY

The County has established a disability 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, 2022 and 2021. These reserve amounts are \$11,532,813 for 2022 and \$7,468,211 for 2021. Exhibit B-8 summarizes the 2022 transactions of the plan.

NOTE 13. SELF-INSURANCE RETIREE HEALTH BENEFITS PLAN

The County has established a Retiree Health Benefits plan for its employees. The County funds the vast majority cost of the plan. Claims are paid directly by the plan up to a maximum of \$375,000 per employee per year, with any excess benefit being reimbursed through a Re-Insurance Agreement with Horizon Blue Cross Blue Shield of New Jersey 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, 2022 and 2021. These reserve amounts are \$64,959,600 for 2022 and \$64,209,600 for 2021.

NOTE 14. 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, 2022 and 2021, 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.

NOTE 15. DEFERRED COMPENSATION PLAN

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Sections 403 (b) and 457. The plans, available to all County employees, permit them to defer a portion of their salaries until future years. The County does not make any contribution to the plans. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the County's plan was amended to require that all amounts of compensation deferred under the Plan are held for

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
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(continued)

NOTE 15. DEFERRED COMPENSATION PLAN, (continued)

the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the plans are held by an independent administrator, Massachusetts Mutual Life Insurance Company ("MassMutual").

The accompanying financial statements do not include the County's Deferred Compensation Plan activities. The County's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 16. RELATED PARTY TRANSACTIONS

During 2022, the County of Union provided operating or capital funding to the following Union County Governmental Units:

Union County College
Union County Vocational and Technical Schools
Union County Improvement Authority

All debt obligations of these units must be authorized by the Union County Board of County Commissioners and are liabilities of the County, not the governmental units.

NOTE 17. LITIGATION

General Litigation

The County is involved in a number of legal proceedings, the resolution of which, in the opinion of County Counsel, could result in the aggregate \$2,809,500 in damages against the County. These potential liabilities under New Jersey reporting requirements will be reflected in the financial statements when paid. In addition, there are other pending lawsuits in which the County is involved. Many of these lawsuits are presently in the preliminary or discovery stages, with the probability of a successful defense unknown at this time and the amounts of eventual settlements cannot be accurately determined.

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
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NOTE 18. 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 19. RISK MANAGEMENT

The County established an insurance program in accordance with New Jersey Statute Chapter 40A:10. The County is currently self-insured for general liability, workers' compensation and drug prescription exposure. The County is covered through insurance policies and through membership in the New Jersey Counties Excess Joint Insurance Fund as follows:

Public Officials Liability and Employment Practices Liability Crime

Excess:

- Automobile Liability
- Commercial General Liability
- Employers Liability
- Law Enforcement Liability
- Workers' Compensation and Employers' Liability
- Workers' Compensation Buffer Layer (difference between SIR and \$1,000,000.00)
- Excess Workers' Compensation
- Property
- Employed Lawyers

The above list of policies is intended to provide a brief summary and various limits are applicable to each of the policies and the members of the Joint Insurance Fund share the limits

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 19. RISK MANAGEMENT, (continued)

Additionally the County maintains insurance policies as follows:

- Accident and Health Insurance for Watchung Stables
- Horse Accidental Death Police
- Group Accident Volunteers
- Public Official Accidental Travel Insurance
- Fire Boat Insurance
- Equipment Insurance (Electronic Specialty) Specialty
- Ambulance Emergency Transport (Terrorism Coverage)
- Ambulance Insurance
- Staff Doctors Medical Professional Liability
- Hospital General Liability and Professional Insurance
- Medical Director Liability Insurance
- Excess Hospital General Liability and Professional Insurance
- Third Party Administrators for General Liability
- Third Party Administrators for Workers' Compensation and Automobile
- Cyber Security Policy

The County has retained two agencies as its insurance consultants.

The County appropriates annually as required to provide for claims in the year payment is made.

NOTE 20. POST RETIREMENT BENEFITS

Basis of Valuation

This valuation has been conducted as of December 31, 2022 based on census, plan design and premium information provided by the County. Census (as of December 31, 2021) includes 2,272 retired participants (including spouses) and 1,873 active participants.

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 20. POST RETIREMENT BENEFITS, (continued)

Actuarial Methods and Assumptions

1. Data used in the Valuation

Is based on a file, provided by Union County of all active employees as well as all retirees who were participants in the Plan as of December 31, 2021. The plan provisions were obtained from documents provided by Union County.

The Measurement Date and the valuation date for each fiscal year is as of the end of the year.

2. Method of Valuation

The values are determined in accordance with GASB 75 including the Individual Entry Age Normal Cost method with the normal cost determined as a percentage of pay. Standard roll forward and backward techniques were used to adjust valuation dates to measurement dates.

For retirees eligible for subsidies it was assumed that the actual cost to the County would be the cost of the plan less the subsidy for those who were Medicare eligible. For those retirees not Medicare eligible (under age 65) the cost to the County was the cost of the pre 65 plan less the subsidy.

3. Economic Assumptions

a. Discount Rate

Based on Muni 20 year Aa as published by Fidelity Investments

4.05% at December 31, 2022

1.85% at December 31, 2021

b. Investment Rate of Return

Since the County invests only in fixed income investments, the investment return is assumed to equal the Muni 20 year Aa bond rate. This is also the discount rate.

c. Inflation Rate

2.50%

d. Salary Increases

3.00%

e. Health Care Cost Trend

5.50% for 2022 and then 7.00% for 2023 grading down to 3.5% (by 0.25% increments) in 2037.

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 20. POST RETIREMENT BENEFITS, (continued)

Actuarial Methods and Assumptions

4. Claims Assumption

a. Per Capita Claims Cost

The annual per capita cost for 2022 for the retiree and spouse at age 64 was \$21,532 and at age 65 was \$5,462

b. Premium Rates

Premium Rates used to determine the retiree contribution (net of the Subsidy) are shown below

	Under 65	Over 65	Under/Over
Single	\$739.61	\$539.73	
Couple	\$2,107.79	\$1,079.71	\$1,215.74
Family	\$2,107.79	\$1,726.96	\$1,763.27
Parent/ Child	\$2,107.79	\$1,320.68	

c. Age Based Utilization

Per capita costs (non Medicare eligible) are adjusted to reflect expected cost changers related to age. Age factors are shown below.

Projection of Claim Costs by Age

<u>Age</u>	<u>Pre Medicare Eligibility Factors</u>	<u>Medicare Eligible Factors</u>
<30	0.60	
30-34	0.75	
35-39	0.95	
40-44	1.10	
45-49	1.30	
50-54	1.50	
55-59	1.75	
60-64	2.15	
65-70	2.55	0.85
71-74	3.00	1.00
75+	3.00	1.15

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 20. POST RETIREMENT BENEFITS, (continued)

Actuarial Methods and Assumptions

d. Administrative Expenses

The per capita costs above include an allowance of 6.5% for administration.

e. Medicare Part D subsidy

The County is eligible for and does apply for the Medicare Part D subsidy. However, in accordance with GASB guidance, the subsidy is not taken into account for purposes of determining the post retirement benefit obligation.

5. Demographic Assumptions

a. Rates of Mortality

PUB 2010 projected with scale MP 2021

b. Rates of Turnover

Ultimate termination rates vary by age as follows:
 (Note that all active participants have at least 10 years of service)

Ultimate termination rates vary by age

<u>Age</u>	<u>Ultimate</u>
30	6.1%
35	4.0%
40	2.9%
45	2.7%
50	2.0%
55	1.6%
60	1.5%

c. Rates of Retirement

Retirements are assumed to occur in accordance with the following rates:

<u>Sample Ages</u>	<u>Rate</u>
55	11.7%
60	7.8%
65	16.5%
69	11.5%

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 20. POST RETIREMENT BENEFITS, (continued)

Actuarial Methods and Assumptions

d. Rates of Disability

None assumed.

e. Spouse Assumption

Spouse dates of birth were provided for all retired employees. For actives, 50% are assumed to be married with males assumed to be 3 years older than females. Marital status is assumed not to change prior to or after retirement.

f. Retiree Participation

100% of eligible "Free for Life" retirees are assumed to elect to participate in the plan while 75% of retirees eligible for a subsidy are assumed to elect coverage.

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COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 20. POST RETIREMENT BENEFITS, (continued)

<u>Change in Net OPEB Liability</u>	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as Beginning of year	<u>\$721,292,807</u>	<u>\$64,209,600</u>	<u>\$657,083,207</u>
Changes for the year:			
Service Cost	9,660,782		9,660,782
Interest Cost	13,118,071		13,118,071
Change of Benefit terms (plan change)	0		0
Difference between Actual and Expected Experience (gains)/losses	0		0
Assumption changes	(81,615,261)		(81,615,261)
Contributions - employer		24,415,818	(24,415,818)
Net Investment Income		750,000	(750,000)
Benefits Paid	(24,415,818)	(24,415,818)	0
Net Changes	<u>(83,252,227)</u>	<u>750,000</u>	<u>(84,002,227)</u>
Balance as of End of Year			
Actives	\$ 242,628,752		
Inactives	395,411,828		
Total	<u>\$638,040,580</u>	<u>\$64,959,600</u>	<u>\$573,080,980</u>
Covered Employees Payroll	\$ 137,024,578		\$ 137,024,578
OPEB Liability as a Percentage of Covered Payroll	466%		418%
<u>Sensitivity</u>			
Changes in Discount Rate	4.05%		
1% Decrease	\$ 735,804,293		
Discount rate	\$ 638,040,580		
1% Increase	\$ 557,492,085		
Changes in Healthcare Cost Trend			
1% Decrease	\$ 563,936,856		
Trend rate	\$ 638,040,580		
1% Increase	\$ 726,091,448		
<u>Summary of Participant Data</u>			
Measurement Date	12/31/2022		
Fiscal Year End	12/31/2022		
Actives	1,873		
Retirees (including spouses)	2,272		
Total	4,145		

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 20. POST RETIREMENT BENEFITS, (continued)

<u>OPEB Expense</u>	<u>FYE 12/31/22</u>
Service Cost	\$ 9,660,782
Interest Cost	13,118,071
Plan Changes	-
Projected Investment Income	(1,187,878)
<i>Current Period Recognition of deferred (inflows)/outflows of resources</i>	
Difference in projected and actual earnings on assets	(2,880,608)
Change in assumptions	12,955,476
Difference in actual and expected experience	<u>(24,654,374)</u>
OPEB Expense	\$ 7,011,468

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB expense

Fiscal Year ended 12/31	
2022	\$ (14,801,885)
2023	\$ (10,139,624)
2024	\$ 550,168
2025	\$ (20,425,683)
2026	\$ (13,602,541)
Thereafter	\$ 0

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 295,626	\$ (7,405,672)
Changes of assumptions or other inputs	103,396,710	(74,474,465)
Differences between expected and actual experience	<u>2,170,296</u>	<u>(82,402,060)</u>
Total	<u>\$ 105,862,632</u>	<u>\$ (164,282,197)</u>

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 20. POST RETIREMENT BENEFITS, (continued)

Schedule of Changes in Total OPEB Liability and Related Ratios

	Fiscal Year Ending December 31,				
	2022	2021	2020	2019	2018 ¹
Total OPEB Liability					
Service Cost	\$ 9,660,782	\$ 10,998,575	\$ 7,374,391	\$ 11,790,189	\$ 12,610,881
Interest Cost	13,118,071	15,121,199	18,574,640	24,679,728	22,005,190
Plan changes	-	-	-	-	-
Difference between Actual and Expected Experience (gains)/losses	-	(67,406,746)	(37,702,856)	(55,838,405)	13,021,766
Assumption changes	(81,615,261)	26,024,469	74,840,249	97,253,881	(38,770,483)
Benefits Paid (implicit)	(24,415,818)	(28,478,260)	(20,379,167)	(18,468,940)	(21,533,733)
Net Change in Total OPEB Liability	\$ (83,252,227)	\$ (43,740,764)	\$ 42,707,257	\$ 59,416,453	\$ (12,666,378)
Total OPEB Liability - Beginning of Year	\$ 721,292,807	\$ 765,033,570	\$ 722,326,313	\$ 662,909,861	\$ 675,576,239
Total OPEB Liability - End of Year	\$ 638,040,580	\$ 721,292,807	\$ 765,033,570	\$ 722,326,313	\$ 662,909,861
Plan Fiduciary Net Position					
Contributions - Employer	\$ 24,415,818	\$ 28,478,260	\$ 20,379,167	\$ 18,468,940	\$ 29,913,017
Net Investment Income	750,000	8,233,000	8,230,000	3,500,000	-
Benefit payments	(24,415,818)	(28,478,260)	(20,379,167)	(18,468,940)	(21,533,733)
Net Change in plan fiduciary position	\$ 750,000	\$ 8,233,000	\$ 8,230,000	\$ 3,500,000	\$ 8,379,284
Plan fiduciary net position - beginning	\$ 64,209,600	\$ 55,976,600	\$ 47,746,600	\$ 44,246,600	\$ 35,867,316
Plan fiduciary net position - end	\$ 64,959,600	\$ 64,209,600	\$ 55,976,600	\$ 47,746,600	\$ 44,246,600
Net OPEB Liability	573,080,980	657,083,207	709,056,970	674,579,713	618,663,261
Plan fiduciary net position as a percentage of the total OPEB liability	10.18%	8.90%	7.32%	6.61%	6.67%
Covered Employee Payroll	137,024,578	133,033,571	142,675,136	152,512,100	149,655,229
Net OPEB Liability as a percent of Covered Employee Payroll	418%	494%	497%	442%	413%
End of year Discount Rate	4.05%	1.85%	2.00%	2.75%	3.72%

Notes to Schedule:

Change in Benefit Terms

There have been no changes in the benefit terms since the adoption of GASB 75.

Change in Assumptions

The mortality table was changed from RP 2014 projected to 2024 with scale MP 18 to PUB 2010 projected to 2025 with scale MP 20 effective 12/31/20 and the PUB 2010 projected with scale MP 21 effective 12/31/21.

The discount rate is changed annually as shown in the above exhibit.

The medical trend rate was changed to 7.0% grading down to 3.50% in 0.25% increments beginning with 2023.

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 20. POST RETIREMENT BENEFITS, (continued)

Schedule of Deferred Inflows and Outflows of Resources

							Amount Recognized in OPEB Expense for Fiscal Year Ending					
	Fiscal Year Established	Original Amount	Original Period of Recognition	Unrecognized Amount at Last Measurement Date	Amount Recognized In Current OPEB Expense	Unrecognized Amount at This Measurement Date	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	After next 5 years
Investment (gains) losses												
Investment Earnings Less than expected - Deferred Outflow												
	12/31/2018	1,111,887	5	222,379	222,379	-	-	-	-	-	-	-
	12/31/2022	369,532	5	-	73,906	295,626	73,906	73,906	73,906	73,908	-	-
Total				222,379	296,285	295,626	73,906	73,906	73,906	73,908	-	-
Investment Earnings Greater than expected - Deferred Inflow												
	12/31/2019	(1,854,026)	5	(741,611)	(370,805)	(370,806)	(370,806)	-	-	-	-	-
	12/31/2020	(6,916,968)	5	(4,150,180)	(1,383,394)	(2,766,786)	(1,383,394)	(1,383,392)	-	-	-	-
	12/31/2021	(7,113,468)	5	(5,690,774)	(1,422,694)	(4,268,080)	(1,422,694)	(1,422,694)	(1,422,692)	-	-	-
Total				(10,582,565)	(3,176,893)	(7,405,672)	(3,176,894)	(2,806,086)	(1,422,692)	-	-	-
Total Investment		-		(10,360,186)	(2,880,608)	(7,110,046)	(3,102,988)	(2,732,180)	(1,348,786)	73,908	-	-
Change In Assumptions												
Liability increase - Deferred Outflows												
	12/31/2019	97,253,881	6	64,835,921	16,208,980	48,626,941	16,208,980	16,208,980	16,208,981	-	-	-
	12/31/2020	74,840,249	6	49,893,499	12,473,375	37,420,124	12,473,375	12,473,375	12,473,374	-	-	-
	12/31/2021	26,024,469	6	21,687,057	4,337,412	17,349,645	4,337,412	4,337,412	4,337,412	4,337,409	-	-
Total				136,416,477	33,019,767	103,396,710	33,019,767	33,019,767	33,019,767	4,337,409	-	-
Liability (decrease) - Deferred Inflows												
	12/31/2018	(38,770,483)	6	(12,923,495)	(6,461,747)	(6,461,748)	(6,461,748)	-	-	-	-	-
	12/31/2022	(81,615,261)	6	-	(13,602,544)	(68,012,717)	(13,602,544)	(13,602,544)	(13,602,544)	(13,602,541)	-	-
Total				(12,923,495)	(20,064,291)	(74,474,465)	(20,064,292)	(13,602,544)	(13,602,544)	(13,602,544)	(13,602,541)	-
Total Assumptions				123,492,982	12,955,476	28,922,245	12,955,475	19,417,223	19,417,223	(9,265,135)	(13,602,541)	-
Expected vs. Actual Experience												
Economic/demographic losses - Deferred Outflows												
	12/31/2018	13,021,766	6	4,340,590	2,170,294	2,170,296	2,170,296	-	-	-	-	-
Total				4,340,590	2,170,294	2,170,296	2,170,296	-	-	-	-	-
Economic/demographic (gains) - Deferred Inflows												
	12/31/2019	(55,838,405)	6	(27,919,202)	(9,306,401)	(18,612,801)	(9,306,401)	(9,306,400)	-	-	-	-
	12/31/2020	(37,702,856)	6	(25,135,238)	(6,283,809)	(18,851,429)	(6,283,809)	(6,283,809)	(6,283,811)	-	-	-
	12/31/2021	(67,406,746)	6	(56,172,288)	(11,234,458)	(44,937,830)	(11,234,458)	(11,234,458)	(11,234,458)	(11,234,456)	-	-
Total				(109,226,728)	(26,824,668)	(82,402,060)	(26,824,668)	(26,824,667)	(17,518,269)	(11,234,456)	-	-
Total Experience				(104,886,138)	(24,654,374)	(80,231,764)	(24,654,372)	(26,824,667)	(17,518,269)	(11,234,456)	-	-
Total Outflows				140,979,446	35,486,346	105,862,632	35,263,969	33,093,673	33,093,673	4,411,317	-	-
Total Inflows				(132,732,788)	(50,065,852)	(164,282,197)	(50,065,854)	(43,233,297)	(32,543,505)	(24,837,000)	(13,602,541)	-
Total		(84,596,429)		8,246,658	(14,579,506)	(58,419,565)	(14,801,885)	(10,139,624)	550,168	(20,425,683)	(13,602,541)	0

COUNTY OF UNION, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 21. 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 and 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 Union is \$130,591,800 which will be available for use until December 31, 2024.

In addition, during 2022 revenues of the County were not materially affected.

NOTE 22. SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 7, 2023, the date which the financial statements were available to be issued and no other items were noted for disclosure.

Issuance of Debt

The County issued County College Bonds (Chapter 12 State Aid) in the amount of \$4,065,000 dated June 15, 2023 with interest rates of 3.00% through 4.00% maturing annually through 2033.

The County also issued a Bond Anticipation Note dated June 14, 2023 in the amount of \$70,000,000 payable on June 14, 2024 at 5.00%.



WIELKOTZ & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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ACCOUNTANT'S COMPILATION REPORT

The Honorable Director and Members
of the Board of Commissioners
County of Union
County Administration Building

We have compiled the accompanying balance sheets - regulatory basis of the individual funds from the 2023 Annual Financial Statement (AFS) of the County of Union, New Jersey as of December 31, 2023 and the related statements of operations and changes in fund balances - regulatory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - regulatory basis have been prepared on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to representing in the form of financial statements information that is the representation of management of the County of Union. We have not audited or reviewed the accompanying financial statements - regulatory basis and, accordingly, do not express an opinion or any other form of assurance on them.

Management of the County of Union has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the County of Union's financial position - regulatory basis and the results of its operations and changes in its fund balance - regulatory basis. Accordingly, these financial statements are not designed for those who are not informed about such matters.

WIELKOTZ & COMPANY, LLC
Certified Public Accountants

/s/ Steven D. Wielkotz
Steven D. Wielkotz, C.P.A., R.M.A.

March 13, 2024



COUNTY OF UNION, NEW JERSEY
CURRENT FUND
BALANCE SHEET-REGULATORY BASIS
DECEMBER 31, 2023 (UNAUDITED)

ASSETS AND DEFERRED CHARGES

Regular Fund

Cash and Investments

252,346,537

Change Fund

2,750

252,349,287

Receivables and Other Assets with Full Reserves:

Added and Omitted taxes

1,735,380

Due From Trust Funds

54,684,158

Due From Grant Fund

55,804,494

Due From General Capital Fund

36,771,030

148,995,062

Deferred Charges:

Emergency Authorization

Special Emergency Authorizations (N.J.S. 40A:4-55)

0

401,344,349

Federal and State Grant Fund

Cash and Investments

141,674,140

Due From Current Fund

Grants Receivable

120,772,814

262,446,954

663,791,303

COUNTY OF UNION, NEW JERSEY
CURRENT FUND
BALANCE SHEET-REGULATORY BASIS
DECEMBER 31, 2023 (UNAUDITED)

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund

Liabilities:

Appropriation Reserves	27,346,492
Reserve for Encumbrances	17,242,255
Accounts Payable	4,118,207
Reserve for Sale of Assets	7,429,566
	<hr/>
	56,136,520

Reserve for Receivables and Other Assets	148,995,062
Fund Balance	<hr/>
	196,182,767
	<hr/>
	401,314,349

Federal and State Grant Fund

Interfund Accounts Payable	55,804,494
Encumbrances	38,769,083
Accumulated Revenue Unappropriated	28,119
Appropriated Reserves for Federal and State Grants	<hr/>
	167,845,258
	<hr/>
	262,446,954
	<hr/>
	663,761,303
	<hr/>

COUNTY OF UNION, NEW JERSEY
CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
DECEMBER 31, 2023 (UNAUDITED)

Revenue and Other Income

Fund Balance Utilized	37,750,000
Receipts from Current Taxes	367,295,299
Miscellaneous Revenue Anticipated	224,405,615
Nonbudget Revenue	10,082,809
Other Credits to Income	<u>37,276,176</u>
	<u>676,809,899</u>

Expenditures

Budget Appropriations	594,921,066
Miscellaneous Other Expenditures	<u>42,692,408</u>
	<u>637,613,474</u>

Excess in Revenue	39,196,425
-------------------	------------

Adjustments to Income before Fund Balance:

Expenditure Included Above Which are by Statute Deferred
Charges to Budget of Succeeding Year

Statutory Excess to Fund Balance	<u>39,196,425</u>
----------------------------------	-------------------

Fund Balance

Balance January 1	<u>194,736,342</u>
	233,932,767
Decreased by:	
Utilized as Anticipated Revenue	<u>37,750,000</u>
Balance December 31	<u><u>196,182,767</u></u>

COUNTY OF UNION, NEW JERSEY
TRUST FUND
BALANCE SHEET-REGULATORY BASIS
DECEMBER 31, 2023 (UNAUDITED)

ASSETS

Open Space Trust Fund:	
Cash	25,213,415
Accounts Receivable	64,423
	<u>25,277,838</u>
Community Development Block Grant Trust Fund:	
Cash	6,399,023
Various Receivables	24,814,963
	<u>31,213,986</u>
Other Trust Fund:	
Cash	152,541,619
Accounts Receivable	2,276,747
	<u>154,818,366</u>
	<u>211,310,190</u>

LIABILITIES AND FUND BALANCE

Open Space Trust Fund:	
Commitments Payable	4,249,360
Due to Current Fund	7,346,459
Open Space-Appropriated	8,361,252
Open Space-Reserves	5,320,767
	<u>25,277,838</u>
Community Development Block Grant Trust Fund:	
Various Reserves	28,505,049
Due to Current Fund	2,708,937
	<u>31,213,986</u>
Other Trust Fund:	
Reserve for Motor Vehicle Fund	304,612
Commitments Payable	7,302,353
Due to Current Fund	44,628,763
PERS	1,025,271
PERS Contributory Insurance	122,289
PERS Supplemental Insurance	42,661
Police and Fire Pension	456,382
Police and Fireman S.A.	606
State Unemployment Tax	3,721,550
UCVT Reserves	1,465,094
Reserve for Motor Vehicle-Fund Balance	3,505,422
Total Miscellaneous Trust Reserves	91,338,011
Total Trust Escrow Reserves	905,352
	<u>154,818,366</u>
	<u>211,310,190</u>

COUNTY OF UNION, NEW JERSEY
GENERAL CAPITAL FUND
BALANCE SHEET-REGULATORY BASIS
DECEMBER 31, 2023 (UNAUDITED)

ASSETS AND DEFERRED CHARGES

Cash and Investments	133,042,392
Grants Receivable	
Federal and State Grants Receivable	30,803,297
Interfund Accounts Receivable	
Guaranteed Capital Leases	100,445,000
Deferred Charges to Future Taxation:	
Funded	347,225,000
Unfunded	209,301,399
Funded DAM Loans	872,361
	<u>821,689,449</u>

LIABILITIES, RESERVES AND FUND BALANCE

General Serial Bonds	347,225,000
Bond Anticipation Notes	70,000,000
Capital Leases Payable	100,445,000
Capital Improvement Fund	10,205,848
Loan Payable	872,361
Interfund Accounts Payable	36,771,030
Reserve for Serial Bonds	15,429,016
Reserve for Serial Bonds-Green Acres	1,475,000
Reserve for Arbitrage	5,717,531
Reserve for Preliminary Expenses-UCIA	
Reserve for Preliminary Expenses-Redevelopment	29,696
Reserve for Preliminary Expenses-Parking Deck	934,967
Improvement Authorizations:	
Funded	52,303,168
Unfunded	124,417,573
Encumbered	48,308,644
Fund Balance	<u>7,554,615</u>
	<u>821,689,449</u>
Bonds and Notes Authorized but Not Issued	<u>139,363,175</u>

APPENDIX C

FORM OF THE GENERAL BOND RESOLUTION, LEASE AGREEMENT AND THE CONTINUING DISCLOSURE AGREEMENTS

THE UNION COUNTY IMPROVEMENT AUTHORITY
COUNTY GUARANTEED LEASE REVENUE BOND RESOLUTION
(UNION COUNTY ADMINISTRATION COMPLEX PROJECT)

Adopted April 14, 2021,
as amended and supplemented by a Certificate of the Chairman
dated April 11, 2024

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**COUNTY GUARANTEED LEASE REVENUE BOND RESOLUTION
(UNION COUNTY ADMINISTRATION COMPLEX PROJECT)**

WHEREAS, the Union County Improvement Authority (the “Authority”) has been duly created by an ordinance of the Board of Chosen Freeholders (subsequently renamed as the “Board of County Commissioners”) of the County of Union, New Jersey (the “County”), as a public body corporate and politic of the State of New Jersey (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, as amended and supplemented from time to time (the “Act”); and

WHEREAS, the County has requested the Authority to finance and undertake the planning, design, construction and equipping of a new County Administration complex located at 61-99 West Grand Street, Elizabeth, New Jersey (the “Improvements”) and

WHEREAS, the Authority is desirous of assisting in the financing of such Improvements, to the extent permitted by law; and

WHEREAS, the Authority expects to obtain funds to assist the financing of the Improvements through the issuance of its bonds in an amount not to exceed \$120,000,000 County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project) (the “Series 2024 Bonds”) issued pursuant to a Bond Resolution to be adopted by the Authority entitled “COUNTY GUARANTEED LEASE REVENUE BOND RESOLUTION (UNION COUNTY ADMINISTRATION COMPLEX PROJECT)” (the “Resolution”); and

WHEREAS, pursuant to the Act, specifically Section 34 thereof (N.J.S.A. 40:37A-77), the Authority is authorized to enter into and perform any lease or other agreement with the County for the lease to or use by the Authority of all or any part of any public facility or facilities as determined in Section 11 of the Act (N.J.S.A. 40:37A-54); and

WHEREAS, the County intends to lease the real property upon which the Improvements are situated to the Authority pursuant to the terms of a Ground Lease to be dated as of the first day of the month of issuance of the Series 2024 Bonds between the County, as lessor, and the Authority, as lessee (together with any amendments thereof or supplements thereto in accordance with its terms, the “Ground Lease”);

WHEREAS, pursuant to the Act, specifically Section 35 thereof (N.J.S.A. 40:37A-78), the Authority is authorized to enter into and perform any lease or other agreement with the County for the lease to or use by the County of all or any part of any public facility or facilities as determined in Section 11 of the Act (N.J.S.A. 40:37A-54); and

WHEREAS, the Authority intends to lease the Improvements and the real property upon which the Improvements are situated to the County pursuant to the terms of a Lease and Agreement to be dated as of the first day of the month of issuance of the Series 2024 Bonds between the Authority, as lessor, and the County, as lessee (together with any amendments thereof or supplements thereto in accordance with its terms, the “Lease”); and

WHEREAS, during the term of the Lease, title to the Improvements will reside with the County; and

WHEREAS, in accordance with the terms of the Lease, (i) the County will manage and operate the Improvements, collect and disburse the revenues realized and pay the expenses incurred in connection therewith; and

WHEREAS, in order to induce the prospective purchasers of the Series 2024 Bonds to purchase same, and to provide additional security, the Series 2024 Bonds shall otherwise be secured by a guarantee ordinance adopted by the County unconditionally and irrevocably guaranteeing the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2024 Bonds, all pursuant to Section 37 of the Act (N.J.S.A. 40:37A-80); and

WHEREAS, in accordance with Section 13 (“Section 13”) of the Act (N.J.S.A. 40:37A-56), prior to the issuance of the Series 2024 Bonds, the Authority shall make a detailed report with respect to such financing to the Board of County Commissioners of the County, which report shall include copies or a description of, without limitation, the various financing documents; and

WHEREAS, in accordance with N.J.S.A. 40A:5A-6 and N.J.S.A. 40:37A-80 the Authority shall make application, on behalf of the Authority and the County to the Local Finance Board in the Division of Local Government Services of the Department of Community Affairs of the State (the “Local Finance Board”) for the Local Finance Board’s review of the financing, including, *inter alia*, this Bond Resolution, the Lease, the Ground Lease, the County Guaranty, and Continuing Disclosure Agreement; and

WHEREAS, in accordance with the terms of Section 37 of the Act (N.J.S.A. 40:37A-80) and the County Guaranty, the County shall be obligated, if necessary, to levy *ad valorem* taxes upon all the taxable property within the County without limitation as to rate or amount to make the timely payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2024 Bonds; and

WHEREAS, the Authority believes: (i) it is in the public interest to accomplish such purpose; (ii) said purpose is for the health, wealth, convenience or betterment of the inhabitants of the County; (iii) the amounts to be expended for said purpose are not unreasonable or exorbitant; and (iv) the proposal is an efficient and feasible means of providing for the needs of the inhabitants of the County and will not create an undue financial burden to be placed upon the County.

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

**ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY**

Section 101. Definitions.

The following terms shall, for all purposes of the Resolution, have the following meanings:

Account or **Accounts** shall mean, as the case may be, each or all of the Accounts established in Article V.

Accountant's Certificate shall mean a certificate signed by an independent certified public accountant of recognized standing or a firm of independent certified public accountants of recognized standing, selected by the Authority, who may be the accountant or firm of accountants who regularly audit the books of the Authority.

Act shall mean the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey, as amended and supplemented.

Additional Bond or **Additional Bonds** shall mean any Bond or Bonds of the Authority which are authorized and issued pursuant to the terms of Sections 202 and 203 hereof.

Additional Rent shall have the meaning assigned thereto in the Lease.

Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Bonds then Outstanding.

Annual Authority Administrative Fee shall mean an amount equal to 1/8 of 1% of the outstanding par amount of any Series of Bonds as an annual fee for the general administrative expenses of the Authority, or as may be set forth in a Supplemental Resolution or certificate of the Authorized Authority Representative authorizing a Series of Bonds.

Authority shall mean The Union County Improvement Authority, a public body corporate and politic organized and existing under the Act and created pursuant to an ordinance of the Board of Chosen Freeholders (currently known as the Board of County Commissioners) of Union County adopted on June 5, 1986, and any successor to its duties and functions.

Authority Administrative Expenses shall mean the expenses of the Authority and its agents and employees incurred or to be incurred by or on behalf of the Authority in the administration of its responsibilities under the Resolution, the Ground Lease and the Lease, including, but not limited to, (i) the Initial Authority Financing Fee, (ii) the Annual Authority Administrative Fee, (iii) all fees and expenses, including but not limited to indemnification expenses, if any, incurred in connection with the issuance of any Bonds, the financing of the Project or the compelling of the full and punctual performance of this Resolution, the Lease and

the Ground Lease in accordance with the terms hereof and thereof, (iv) all fees and expenses, including but not limited to, continuing disclosure expenses and indemnification expenses, if any, of counsel, fiduciaries and others, and (v) any fees and expenses, including but not limited to indemnification expenses, if any, incurred by the Paying Agent, the Bond Registrar or the Trustee in connection with the performance of their respective fiduciary responsibilities under the Resolution, the Lease or the County Guaranty, all to the extent not capitalized pursuant to the requirements of the Resolution.

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

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

Authorized Denominations shall mean \$5,000 or any integral multiple of \$5,000.

Authorized Newspaper shall mean a financial newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.

Bonds shall mean the Series 2024 Bonds and any Additional Bonds.

Bond Counsel shall mean Gibbons P.C. or any other lawyer or firm of lawyers with experience and nationally recognized expertise in the field of municipal finance selected by the Authority.

Bond Registrar shall mean, Manufacturers and Traders Trust Company, Iselin, New Jersey, its successors and assigns, or any other commercial bank or trust company organized under the laws of any state of the United States of America or national banking association appointed by the Authority to perform the duties of the Bond Registrar enumerated in the Resolution.

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

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

Contract of Purchase shall mean that certain Contract of Purchase between the Authority and the underwriters named therein with respect to the sale and purchase of the Series 2024 Bonds.

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

Cost or Cost of the Project shall mean all costs incurred in providing the payment for and financing or refinancing of all or a portion of the costs of the planning, acquisition, engineering, construction, reconstruction, renovation, rehabilitation, repair, improvement, expansion, financing or refinancing of the Project, including but not limited to, funds for:

(1) the cost of acquisition of lands, rights-of-way, property rights, easements and interests required by the Authority for acquisition, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which buildings or structures may be moved;

(2) the cost of machinery, furnishings, equipment, financing expenses, engineering, architectural, construction management, research and development with respect to the Facilities, legal expenses, plans, specifications, surveys, environmental work, estimates of costs and revenues, working capital, other expenses necessary or incidental to determining the feasibility or practicability of construction, expansion or renovation of the Facilities, administrative expenses and all other expenses, including, but not limited to operating expenses, as may be necessary or incidental to the construction, expansion or renovation of the Facilities;

(3) interest accruing in whole or in part on Bonds prior to and during construction and for such additional period as the Authority may reasonably determine to be necessary in accordance with the provisions of the Resolution, including all amounts required by the Resolution to be paid from the proceeds of Bonds into the Debt Service Fund;

(4) the costs and expenses, including discounts to the underwriters or other purchasers thereof, if any, incurred in the issuance and sale of any Series of Bonds or bonds, notes or other evidences of indebtedness from time to time, the proceeds of which have been or will be required to be applied to one or more purposes for which Bonds could be issued;

(5) the payment of principal, premium, if any, and interest when due (whether at the maturity of principal or at the due date of interest or upon redemption) on bonds, notes or other evidences of indebtedness (other than Bonds), the proceeds of which have been or will be required to be applied to one or more purposes for which Bonds could be issued;

(6) the costs related to the issuance of the Bonds; and

(7) any other “Cost” as such term is used in and defined in the Act.

County shall mean the County of Union, New Jersey.

County Guaranty shall mean the guaranty of the County adopted pursuant to N.J.S.A. 40:37A-80, securing the timely payment of the principal of and interest on the Series 2024 Bonds, as approved by resolution of the Board of County Commissioners of the County, as same may be amended from time to time.

Debt Service for any period shall mean, as of any date of calculation and with respect to the Outstanding Bonds, an amount equal to the sum of (i) the interest accruing during such period on the Bonds except to the extent such interest is to be paid from deposits made from Bond proceeds into the Debt Service Fund, and (ii) that portion of each Principal Installment for the Bonds which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for the Bonds or, if there should be no preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of issuance of the Bonds, whichever is later. Such interest and Principal Installments shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof. The calculations in the preceding sentence shall be made on the basis of a 30 day month and 360 day year.

Debt Service Fund shall mean the Debt Service Fund established in Section 502.

Debt Service Requirement shall mean, (i) in the case of an Interest Payment Date on which interest only shall be due, interest accrued and unpaid and to accrue to such date plus that portion of the Principal Installment or Installments for the Bonds which would accrue to such date if such Principal Installment or Installments be deemed to accrue in the manner provided in the definition of “Debt Service” set forth in Section 101, and (ii) in the case of an Interest Payment Date on which both interest and a Principal Installment or Installments shall be due, interest accrued and unpaid and to accrue to such date plus the Principal Installment or Installments due on such date.

Defeasance Obligations shall mean (a) direct non-callable obligations of the United States of America, (b) evidences of ownership of proportionate interests in future interest and principal payments on direct non-callable obligations of the United States of America held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and such underlying obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated, or (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by S & P Global Ratings, acting through Standard & Poor’s Financial Services LLC and Moody’s Investors Service, Inc., respectively.

Depository shall mean any bank or trust company selected by the Authority as a depository of moneys and securities held under the provisions of the Resolution and shall include the Trustee and the Paying Agent.

DTC shall mean The Depository Trust Company, 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.

Event of Default shall have the meaning given to such term in Section 801.

Facility Site shall have the meaning ascribed thereto in the Lease.

Facilities shall mean the Facility Site and the Improvements.

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

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

General Reserve Fund shall mean the General Reserve Fund established in Section 502.

Ground Lease shall mean that certain Ground Lease, executed in connection with the issuance of Bonds, by and between the Lessee and the Authority, as the same may, from time to time, be amended or supplemented.

Improvements shall mean the planning, design, construction and equipping of a new County Administration complex located at 61-99 West Grand Street, Elizabeth, New Jersey.

Initial Authority Financing Fee shall mean the amount equal to 1/8 of 1% of the outstanding par amount of any Series of Bonds for the initial financing fee of the Authority of such Series of Bonds, or as may be set forth in a Supplemental Resolution or certificate of Authorized Authority Representative authorizing a Series of Bonds.

Interest Payment Date shall mean each April 15 and October 15, commencing, with respect to the Series 2024 Bonds, on October 15, 2024, except as otherwise set forth in a certificate of an Authorized Authority Representative, or such other dates as are set forth in Supplemental Resolutions adopted in connection with the issuance of any Series of Bonds. In the event that an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day for interest accrued to the Interest Payment Date.

Investment Securities shall mean, to the extent permitted by law, (a) any direct and general obligation of or any obligation fully and unconditionally guaranteed by the United States of America including obligations that do not pay current interest; (b) any bond, debenture, note, participation certificate or other evidence of indebtedness issued or guaranteed by any of the following agencies: Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Federal Land Banks, Federal National Mortgage Association, Government National Mortgage Association, Farmers Home Administration and Student Loan Marketing Association; (c) negotiable or nonnegotiable certificates of deposit or other bank deposit product issued by any bank, savings and loan association, trust company or national banking association (which may include any Fiduciary), and which certificates of deposit, except in the case of certificates of deposit issued by a bank, savings and loan association, trust company or national banking association (which may include any Fiduciary) either located in the State and eligible to accept deposits pursuant to the New Jersey Governmental Unit Deposit Protection Act or having capital stock and surplus of more than \$100,000,000, shall be continuously secured by obligations described in clauses (a), (b) or (d) of this definition, that shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee by the bank, the savings and loan

association, the trust company or the national banking association (which may include any Fiduciary) issuing such Certificates of deposit; (d) full faith and credit obligations of the State or of any political subdivision thereof or revenue obligations of the State or of any political subdivision thereof rated in any of the three highest long term or highest short term rating categories, as applicable, by S & P Global Ratings, acting through Standard & Poor's Financial Services LLC and Moody's Investors Service, Inc., respectively, if such rating agency then has been outstanding rating on the Bonds or, if neither of such rating agencies then has an Outstanding rating on the Bonds, by any nationally recognized rating agency; (e) deposits in interest bearing accounts in any bank, savings and loan association, trust company or national banking association (which may include any Fiduciary) either located in the State and eligible to accept deposits pursuant to the New Jersey Governmental Unit Deposit Protection Act or having capital stock and surplus of more than \$100,000,000; (f) shares or beneficial interests in an investment fund or trust and whose assets consist solely of obligations described in clauses (a) or (b,) of this definition; (g) interests in the State of New Jersey Cash Management Fund; (h) any investment agreement with any bank, trust company or national banking association (which may include any Fiduciary) having a capital stock and surplus of more than \$100,000,000 or with any government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York or Philadelphia for the purchase of securities described in clause (a) or (b) above, provided such investment agreements shall be continuously secured by obligations described in clauses (a) or (b) of this definition having a market value at all times at least equal to the principal amount invested in such investment agreement, and provided further that the investment agreement shall have been approved by S & P Global Ratings, acting through Standard & Poor's Financial Services LLC and Moody's Investors Service, Inc., respectively, if it then has an outstanding rating on the Bonds; or (i) certificates that evidence direct ownership of the right to payments of principal or interest on obligations described in clause (a) hereof, provided that such obligations shall be held by the Trustee or in trust for the benefit of the Trustee by a bank, trust company or national banking association having a capital stock and surplus of more than \$200,000,000. The capital stock and surplus of any banking institution shall be determined by reference to its latest published financial statements.

Lease shall mean that certain Lease and Agreement, executed in connection with the issuance of Bonds, between the Authority and the Lessee, and any and all modifications, alterations, amendments and supplements thereto made in accordance with the provisions hereof and thereof.

Lessee shall mean the County of Union, New Jersey, a public body corporate and politic.

Month shall mean a calendar month.

Operating Fund shall mean the Operating Fund established in Section 502.

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

- (a) Bonds cancelled by the Trustee at or prior to such date;

(b) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice as provided in Article IV;

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III or Section 407 or Section 1106; and

(d) Bonds deemed to have been paid as provided in subsections 2 or 3 of Section 1201.

Paying Agent shall mean Manufacturers and Traders Trust Company, Iselin, New Jersey, its successors and assigns, or any commercial bank or trust company designated as paying agent for the Bonds and its successor or successors hereafter appointed in the manner provided in the Resolution.

Pledged Property shall mean the Authority's right to receive Rentals under the Lease and the Revenues and Funds other than the Rebate Fund, including Investment Securities held in any such Fund hereunder, together with all proceeds and revenues of the foregoing and all of the Authority's right, title and interest in and to the foregoing, and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of this Resolution.

Principal Installment shall mean, as of any date of calculation, (i) the principal amount of the Bonds due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for the Bonds, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments.

Project shall mean, collectively, the acquisition, construction, improvement, equipping or furnishing of one or more facilities or items of capital equipment for use by the Lessee in furtherance of its purposes, all as set forth in the Resolution (with respect to the Improvements) and in the Supplemental Resolutions (with respect to any other Project) adopted by the Authority from time to time.

Project Fund shall mean the Project Fund established in Section 502.

Rebate Fund shall mean the Rebate Fund established in Section 502.

Record Date shall mean the first day of the month in which the payment of interest is to be made (provided, however, if the Interest Payment Date is the 1st day of a month, the Record Date shall be on the fifteenth day of the month next preceding any Interest Payment Date).

Redemption Price shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

Refunding Bonds shall mean Bonds issued to refund any outstanding Bonds or any bonds of the Authority issued to finance or refinance one or more projects on behalf of the Lessee.

Rentals shall have the meaning ascribed thereto in the Lease.

Resolution shall mean this County Guaranteed Lease Revenue Bond Resolution (Union County Administration Complex Project) as from time to time amended or supplemented by a Series Certificate or Supplemental Resolutions in accordance with the terms hereof.

Revenue Fund shall mean the Revenue Fund established in Section 502.

Revenues shall mean (i) all amounts received by the Authority under the Lease, including Rentals, (ii) payments received under the County Guaranty, (iii) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of Bonds, and (iv) interest or other investment earnings received or to be received on any moneys or securities held pursuant to the Resolution and paid or required to be paid into the Revenue Fund.

Series shall mean all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Resolution or the 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 Section 407 or Section 1106, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

Series Certificate shall mean the Series Certificate, if any, which may be executed by an Authorized Authority Representative making certain determinations in connection with the issuance of the Series 2024 Bonds.

Series 2024 Bonds shall mean, the Authority's County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project), which are authorized pursuant to Section 201 of the Resolution, authenticated and delivered under and pursuant to the Resolution.

Sinking Fund Installment shall mean the amount of money required hereby or by any Supplemental Resolution or Series Certificate, as applicable, of the Authority to be paid into the Debt Service Fund by the Authority toward the retirement of any Bonds but does not include any amount payable by reason only of a maturity of any Bonds.

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

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Authority in accordance with Article X hereof

Trustee shall mean Manufacturers and Traders Trust Company, Iselin, New Jersey, and its successor or successors and any other trustee that at any time may be substituted in its place pursuant to the Resolution.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, words importing persons shall include firms, associations, corporations, districts, agencies and bodies, and words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and vice versa. All times referenced herein shall be to New York City time unless otherwise specifically noted.

Section 102. Authority for the Resolution.

This Resolution is adopted pursuant to the provisions of the Act.

Section 103. Resolution to Constitute Contract.

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of the Bonds; and the security interest granted and the pledge and assignment made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Holders of any and all of the 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, all except as expressly provided in or permitted by the Resolution.

ARTICLE II AUTHORIZATION AND ISSUANCE OF BONDS

Section 201. Authorization of Bonds.

1. The Resolution authorizes the issuance of Bonds of the Authority to be designated as “County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project)”, or such other designation as set forth in the Series Certificate, for the purpose of financing the Cost of the Project. The Bonds shall be direct and special obligations of the Authority. The aggregate principal amount of the Bonds that may be executed, authenticated and delivered under the Resolution is not limited except as is or as hereafter may be provided in the Resolution or as may be limited by law.

2. The Bonds may be issued in one or more Series. The designation of such Bonds, in addition to the name “County Guaranteed Lease Revenue Bonds, Series 20__ (Union County Administration Complex Project),” shall include such further appropriate designations as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs. Any two or more Series may be consolidated for purposes of sale in such manner as may be provided in any Supplemental Resolution authorizing the Series.

Section 202. General Provisions for Issuance of Bonds.

1. The Bonds shall be executed by the Authority for issuance under the Resolution and shall be delivered to the Trustee or the Bond Registrar. Thereupon the Trustee or the Bond Registrar shall authenticate and shall deliver the Bonds to the Authority or upon its order, but only upon the receipt by the Trustee of:

(a) an opinion of Bond Counsel to the effect that, except insofar as it may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights generally and the availability of any particular remedy, (i) the Authority has the right and the power under the Act, as amended to the date of such opinion, to adopt the Resolution; the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, is valid and binding upon the Authority and is enforceable in accordance with its terms and no other authorization for the adoption of the Resolution is required; (ii) the Resolution creates the valid pledge that it purports to create of the Pledged Property; and (iii) the Bonds are valid, binding, direct and special obligations of the Authority as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and of the Act as amended to the date of such opinion, and the Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such opinion, and in accordance with the Resolution;

(b) a written order as to the delivery of the Bonds signed by an Authorized Authority Representative, which order shall direct the application of the proceeds of the Bonds;

(c) in the case of the Series 2024 Bonds:

(i) a copy, duly certified by an Authorized Authority Representative, of the Resolution;

(ii) a fully executed copy of the Lease;

(iii) a fully executed copy of the Ground Lease;

(iv) a copy of the County Guaranty; and

(v) an opinion of counsel to the County to the effect that, except insofar as it may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and the availability of any particular remedy, the County Guaranty constitutes the legal, valid and binding obligation of the County and is enforceable in accordance with its terms.

(vi) Notwithstanding any other provision to the contrary herein, in the case of the Series 2024 Bonds, a Series Certificate setting forth (i) all of the items applicable to the Series 2024 Bonds that are detailed in Section 204 hereof and (ii) subject to the parameters set forth in the Authority's application to the Local Finance Board in the Division of Local Government Services of the Department of Community Affairs dated March 24, 2021 with respect to the Series 2024 Bonds and upon the advice of the Authority's Counsel and professional advisors, the addition to, deletion from or modification of any provision of this Resolution as originally adopted on April 14, 2021, the contents of which Series Certificate may be incorporated in this Resolution without compliance with any other provision herein, including, without limitation, Article X hereof. The Authorized Authority Representative executing any such Series Certificate shall report the substance of such Series Certificate to the Authority at the Authority's next public meeting

(d) In the case of each Series of Additional Bonds, a copy of the Supplemental Resolution authorizing such Additional Bonds, certified by an Authorized Authority Representative, which shall specify: (i) the authorized principal amount, the designation and the Series of such Bonds; (ii) the purposes for which such Series of Bonds are being issued which shall be the purposes specified in Section 203; (iii) the date, and the maturity date or dates, of the Bonds of such Series; (iv) the interest rate or rates or the method of calculation of the interest rate or rates of the Bonds of such Series; (v) the denominations of, the manner of dating, numbering and lettering, the Bonds of such Series; (vi) the Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Bonds of such Series; (vii) the Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms for the Bonds of such Series; (viii) the amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, provided that each Sinking Fund Installment due date shall fall upon an Interest Payment Date for such Bonds; (ix) if so determined by the Authority, provisions for the sale of the Bonds of such Series; (x) the amount (or the method of determining the amount), if any, to be deposited from the proceeds of such Series of Bonds or other sources in the Funds and Accounts established hereunder; (xi) the

form of the Bonds of such Series, and the form of the Trustee's certificate of authentication, which forms shall be, respectively, substantially in the forms set forth in Section 1301, with such variations, omissions and insertions as are required or permitted by the Resolution; (xii) the establishment of separate Funds and Accounts for such Series of Additional Bonds; and (xiii) any other provisions not inconsistent with this Resolution or, in the opinion of Bond Counsel, not adversely affecting rights of Bondholders hereunder, determining the details of the Bonds or of sale, creating Funds or Accounts and providing for credit enhancements; and

(e) such further documents, moneys and securities as are required by the provisions of any Supplemental Resolution adopted pursuant to Article X.

2. After the original issuance of the Bonds, no Bonds shall be issued except in lieu of or in substitution for other Bonds pursuant to Article III or Section 407 or 1106.

Section 203. Purpose of Series 2024 Bonds and Additional Bonds.

1. The Series 2024 Bonds shall be issued, authenticated and delivered to finance the Improvements.

2. Additional Bonds may, at the option of the Authority, be issued, authenticated and delivered from time to time to finance additional projects, to refinance existing projects or any combination thereof, all as provided in the Supplemental Resolution authorizing such Series; provided, however, that no Additional Bonds, other than Refunding Bonds, shall be issued unless the County shall have first evidenced its consent thereto. The proceeds, including accrued interest, if any, of Additional Bonds of each Series shall be applied simultaneously with the delivery of such Bonds as provided in the Supplemental Resolution authorizing such Series.

Section 204. The Series 2024 Bonds.

1. A Series of Bonds entitled to the benefit, the protection and the security of the Resolution are hereby authorized in the aggregate principal amount of not to exceed \$120,000,000. Such Series of Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the titles "County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project)".

2. The Series 2024 Bonds shall be dated and shall bear interest from the dated date specified therefor in the Contract of Purchase, except as otherwise provided in Section 301. The Series 2024 Bonds shall mature on the dates and in the principal amounts, and shall bear interest payable semiannually on the Interest Payment Dates at the respective rates per annum, set forth in the Contract of Purchase; provided that (i) each maturity date shall be a April 15, except as set forth in the Contract of Purchase (ii) the final maturity date shall not be later than March 1, 2055 and (iii) no interest rate shall exceed six percent (6%) per annum.

3. The Series 2024 Bonds shall be issued in Authorized Denominations. Unless the Authority shall otherwise direct, the Series 2024 Bonds shall be lettered and numbered from one upward in order of maturities preceded by the letter "R" and/or such other letter as determined by the Trustee prefixed to the number. Subject to the provisions of this 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 1301.

4. The principal and Redemption Price of the Series 2024 Bonds shall be payable at the principal corporate trust office of the Paying Agent initially appointed by the Authority for the Series 2024 Bonds. The principal and Redemption Price of all Series 2024 Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by this Resolution. Interest on the Series 2024 Bonds shall be payable by check or draft of the Trustee, mailed or transmitted, respectively, to the Holders thereof as the same appear as of the Record Date on the books of the Authority maintained by the Trustee.

5. The Series 2024 Bonds shall be subject to redemption prior to maturity at the option of the Authority as set forth in the Contract of Purchase.

6. The Series 2024 Bonds, to the extent set forth in the Contract of Purchase, shall be subject to mandatory sinking fund redemption prior to maturity in Sinking Fund Installments on April 15 of each year after the initial redemption date (which shall be on April 15) set forth in the Contract of Purchase, at the principal amount thereof together with accrued interest to the date of redemption. The Authority shall cause to be deposited in the Debt Service Fund on or before each sinking fund payment date an amount sufficient to redeem, and the Authority shall cause to be redeemed, the principal amounts of Series 2024 Bonds on the sinking fund payment dates as set forth in the Contract of Purchase.

Section 205. Book Entry System.

1. Except as provided in subparagraph (3) of this Section 205, the registered Holder of all of the Bonds shall be, and the Bonds shall be registered in the name of Cede & Co. ("Cede"), as nominee of DTC. Payment of interest for any Bond, as applicable, shall be made by wire transfer of New York Clearing House or equivalent next day funds to the account of Cede on the Interest Payment Date for the Bonds at the address indicated for Cede in the registry books of the Authority kept by the Trustee.

2. The Bonds shall be initially issued in the form of a separate single fully registered Bond in the amount of each separate stated maturity of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede, as nominee of DTC. With respect to Bonds so registered in the name of Cede, the Authority and any Fiduciary shall have no responsibility or obligation to any DTC participant or to any beneficial owner of such Bonds. Without limiting the immediately preceding sentence, the Authority and the Fiduciaries shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC, of any amount with respect to the principal or Redemption Price of, or interest on, the Bonds. The Authority and any Fiduciary may treat as, and deem DTC to be, the absolute owner of each Bond for all purposes whatsoever, including (but not

limited to) (i) payment of the principal or Redemption Price of, and interest on, each such Bond, (ii) giving notices of redemption and other matters with respect to such Bonds and (iii) registering transfers with respect to such Bonds. The Paying Agent shall pay the principal or Redemption Price of, and interest on, all Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to such principal or Redemption Price, and interest, to the extent of the sum or sums so paid. No person other than DTC shall receive a Bond evidencing the obligation of the Authority to make payments of principal or Redemption Price of, and interest on, the Bonds pursuant to this 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, and subject to the transfer provisions hereof, the word "Cede" in this Resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to the 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 Bonds if the Authority determines, and shall terminate the services of DTC with respect to the Bonds upon receipt by the Authority and the Fiduciaries of written notice from DTC to the effect that DTC has received written notice from DTC 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 Bonds to the effect, that: (i) DTC is unable to discharge its responsibilities with respect to the Bonds; or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.

(c) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 205(3)(b)(ii) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 205(3)(a) or subsection 205(3)(b)(i) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of Article II hereof.

(d) Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or Redemption Price of and interest on, such Bond, including the manner of noting partial payments of principal, and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the representation letter of the Authority and the Trustee addressed to DTC with respect to the Bonds

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Resolution by the Authority or the Trustee 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 give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS

Section 301. Obligation of Bonds; Medium of Payment; Form and Date; Letters and Numbers.

1. The Bonds shall be payable, with respect to principal, Redemption Price and interest solely from the Pledged Property.

2. The Bonds shall be payable with respect to principal or Redemption Price, 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.

3. Any Bonds shall be issued in the form of fully registered Bonds.

4. Each Bond shall be lettered and numbered as provided in this Resolution or the Supplemental Resolution authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond.

5. Bonds upon original issuance shall be dated as provided in this Resolution or the Supplemental Resolution authorizing the Bonds of such Series. Principal or Redemption Price of the Bonds shall be payable at maturity or earlier redemption upon presentation and surrender at the office of the Paying Agent. Bonds shall bear interest as provided herein, payable by check or bank draft to registered owners of such Bonds as of the Record Date provided for such Bonds at their addresses on file with the Bond Registrar. So long as any Series of Bonds are held in book-entry form pursuant to the Resolution, the provisions of Section 205 relating to the use of the book-entry system shall govern the payment, as applicable, of principal and Redemption Price of, and interest on, such Series of Bonds. After original issue, all Bonds exchanged or transferred shall bear an authentication date that shall be the date they are authenticated. Interest on Bonds shall accrue from the Interest Payment Date to which interest has been paid next preceding the authentication date unless (1) the date of authentication is also an Interest Payment Date to which interest has been paid, in which event such Bonds shall be dated and shall bear interest from the date of authentication or (2) the date of authentication is prior to the first Interest Payment Date, in which event such Bonds shall bear interest from the original dated date of such Bonds.

6. The Bonds shall not be deemed to constitute a debt or liability of the State of New Jersey or of any political subdivision thereof (except the Authority, but solely to the extent of the Pledged Property, and the County, but solely to the extent of the Rentals made pursuant to the Lease and the payments made pursuant to the County Guaranty); or a pledge of the full faith and credit of the State or any such political subdivision (except the Authority, but solely to the extent of the Pledged Property, and the County, but solely to the extent of the Rentals made pursuant to the Lease and the payments made pursuant to the County Guaranty); and neither the State nor any such political subdivision thereof (except the Authority, but solely to the extent of the Pledged Property, and the County, but solely to the extent of the Rentals made pursuant to the Lease and the payments made pursuant to the County Guaranty) is obligated to pay the Bonds or interest thereon, and neither the full faith and credit nor the taxing power of the State or any

political subdivision thereof (except the Authority, but solely to the extent of the Pledged Property, and the County, but solely to the extent of the Rentals made pursuant to the Lease and the payments made pursuant to the County Guaranty) is pledged to the payment of the principal of or interest on the Bonds.

Section 302. Legends.

The Bonds of each Series may contain or may have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with the custom or rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the Authority prior to the authentication and the delivery thereof.

Section 303. Execution of Bonds.

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

Section 304. Authentication of Bonds.

The Bonds shall bear thereon a certificate of authentication, substantially in the forms set forth in Section 1301 hereof, duly executed upon issuance by the Trustee or the Bond Registrar. Only such Bonds as shall bear thereon such certificate of authentication, duly executed, shall be entitled to any right or benefit under the Resolution. No Bond shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall have been duly executed by the Trustee, or by the Bond Registrar, as the case may be. Such certificate of authentication by the Trustee or by the Bond Registrar, as the case may be, upon any Bond executed on behalf of the Authority shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefit of the Resolution.

Section 305. Transfer, Exchange and Registry of Bonds and Agency Therefor.

The Authority shall cause the Bond Registrar to maintain and to keep books for the registration, the exchange and the transfer of Bonds.

Upon presentation of Bonds for transfer or exchange at the designated office of the Bond Registrar, together with a written instrument of transfer satisfactory to the Bond Registrar duly

executed by the Holder or by his attorney duly authorized in writing, the Bond Registrar shall register or shall cause to be registered therein and shall permit to be transferred thereon or to be exchanged any Bond entitled to registration, transfer or exchange. The Bond Registrar hereby is appointed the agent of the Authority for such registration, transfer or exchange of Bonds.

Upon the transfer or exchange of any Bond, the Authority shall execute, and the Trustee or the Bond Registrar shall authenticate and shall deliver a new Bond or Bonds in any Authorized Denomination registered in the name of the Holder or transferee of the same aggregate principal amount, designation, maturity and Series as the surrendered Bond.

All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Bond Registrar and cancelled or retained by the Bond Registrar. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Authority nor the Bond Registrar shall be required to transfer or exchange any Bonds for a period of three (3) days next preceding any selection of Bonds to be redeemed or thereafter until after the first publication or mailing of any notice of redemption of any Bonds called for redemption.

Section 306. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds.

In case any outstanding Bond shall be mutilated, destroyed, stolen or lost, the Authority shall execute and the Trustee or the Bond Registrar shall authenticate and shall deliver a new Bond, of like tenor, number and amount as the Bond so mutilated, destroyed, stolen or lost in exchange and in substitution for and upon surrender of such mutilated Bond or in lieu of and in substitution for the Bond if any, destroyed, stolen or lost upon filing with the Trustee and the Bond Registrar evidence satisfactory to the Authority, the Trustee and the Bond Registrar that such Bond had been destroyed, stolen or lost and proof of ownership thereof, upon furnishing the Authority, the Trustee and the Bond Registrar with indemnity satisfactory to them, upon paying such expenses as the Authority, the Trustee and the Bond Registrar may incur in connection therewith and upon complying with such other reasonable regulations as the Authority, the Trustee and the Bond Registrar may prescribe. In lieu of reissuing a mutilated, destroyed, lost or stolen Bond that is due and payable the Trustee and the Bond Registrar may pay the amount due on such Bond to the owner or the Holder thereof, provided all the other requirements of this Section have been met.

Section 307. Temporary Bonds.

Until the definitive Bonds of any Series are prepared, the Authority may execute in the same manner as is provided in Section 303 and, upon the request of the Authority, the Trustee or Bond Registrar shall authenticate and shall deliver in lieu of definitive Bonds but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in Authorized Denominations and with such omissions, insertions and variations as may be appropriate to temporary Bonds for notation thereon of the payment of such interest. The Authority at its own expense shall prepare and shall execute and, upon the surrender for

exchange and for cancellation of such temporary Bonds, the Trustee or the Bond Registrar shall authenticate and shall deliver in exchange therefor definitive Bonds of the Authority without charge to the Holder thereof.

ARTICLE IV REDEMPTION OF BONDS

Section 401. Privilege of Redemption and Redemption Prices.

The Bonds of any Series that are redeemable prior to maturity at the option of the Authority shall be subject to redemption by or on behalf of the Authority prior to maturity as provided in this Article to such extent, through application of such moneys, at such time or times, in such order and on such other terms and conditions as shall be provided by the Resolution and referred to in the Bonds and in all cases at the Redemption Prices set forth in the Bonds and applicable upon such redemption, together with interest accrued to the redemption date. If less than all or the Bonds of such Series of like maturity then Outstanding are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in such manner as the Trustee reasonably may determine.

Section 402. Redemption.

In the case of any redemption of Bonds at the election or direction 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 Series and 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 Resolution). Such notice shall be given at least fifty (50) days prior to the redemption date or such shorter period as shall be agreed to in writing by the Trustee. In the event notice of redemption shall have been given as provided in Section 405, there shall be paid by the Authority on or prior to the redemption date to the Paying Agent an amount in cash which, in addition to other moneys, if any, available therefor held by the Paying Agent, 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. The Authority shall promptly notify the Trustee in writing of all such payments by the Authority to the Paying Agent.

Section 403. Redemption Otherwise than at Authority's Election or Direction.

Whenever by the terms of the Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Authority, the Trustee shall select the Bonds to be redeemed, give the notice of redemption as provided in Section 405 and pay out of moneys available therefor the Redemption Price thereof, 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.

Section 404. Selection of Bonds to be Redeemed.

If less than all of the Bonds of like Series and maturity shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its sole 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 are authorized to be Outstanding after the redemption date.

Section 405. Notice of Redemption.

When Bonds have been selected for redemption pursuant to any provision of this Resolution, the Trustee shall give written notice of redemption of such Bonds in the name of the Authority at the times specified in the second paragraph of this Section, which notice shall set forth: (i) the date fixed for redemption, (ii) the Redemption Price to be paid, (iii) that such Bonds will be redeemed at the Principal Office of the Paying Agent, (iv) if less than all of such Bonds of like Series and maturity shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed, and (v) 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 thereon to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. In case any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, the Holder thereof shall be entitled to a new Bond or Bonds, bearing interest at the same rate and in aggregate principal amount equal to the unredeemed portion of such Bond.

The notice required to be given by the Trustee pursuant to this Section shall be sent by registered mail to the registered owners of the Bonds to be redeemed, at their addresses as they appear on the Bond registration books of the Authority, not less than thirty (30) 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 Holder of such Bond as herein provided 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.

Section 406. Payment of Redeemed Bonds.

On the date designated for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds 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 and, 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, such Bonds or such portions thereof shall cease to be entitled to any benefit or security under this Resolution and the Holders of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof and the accrued interest thereon to the date of redemption and, to the extent provided in Section 407 hereof, to receive Bonds for any unredeemed portions of Bonds. If moneys for the payment of the Redemption Price and the accrued interest to the redemption date are not so held by the Trustee, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 407. 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 for payment of the principal amount thereof so called for redemption and accrued interest thereon on or after the redemption date, the Authority shall execute and the shall authenticate and deliver to or upon the order of the registered Holder thereof or his attorney or legal representative, without charge therefor, a Bond or Bonds of the same Series and maturity bearing interest at the same rate and of any denomination or denominations authorized by this Resolution in aggregate principal amount equal to the unredeemed portion of such Bond.

ARTICLE V
ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 501. The Pledge Effected by the Resolution.

1. The Bonds are direct and special obligations of the Authority payable solely from the Pledged Property. There is hereby pledged and assigned as security for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purpose and on the terms and conditions set forth in the Resolution, all of the Pledged Property.

2. All Pledged Property shall immediately be subject to the lien of this Pledge without any physical delivery thereof or further act, and the lien of this 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.

3. Nothing contained in this Section 501 shall be deemed a limitation upon the authority of the Authority to issue bonds, notes or other obligations under the Act secured by other income and funds other than the Pledged Property, including, without limitation, bonds, notes or other obligations secured by federal or State grants.

4. Subject to the terms of Section 716 hereof, all rights of the Authority to receive payments from the County under the provisions of the County Guaranty are hereby pledged for the benefit and security of the Holders of the Series 2024 Bonds in order to secure the punctual payment by the Authority of the principal of and interest on the Series 2024 Bonds and, for said purpose, such rights are hereby assigned by the Authority to the Trustee. All payments which are to be received by the Authority pursuant to the terms of the County Guaranty are to be paid directly to the Trustee for deposit into the Debt Service Fund for the benefit of the Holders of the Series 2024 Bonds in accordance with the provisions of Section 507 hereof.

Section 502. Establishment of Funds and Accounts.

The following Funds Accounts are hereby established:

- (1) Project Fund, to be held by the Trustee,
- (2) Revenue Fund, to be held by the Trustee,
- (3) Operating Fund, to be held by the Trustee,
- (4) Debt Service Fund, to be held by the Trustee,
- (5) General Reserve Fund, to be held by the Trustee, and
- (6) Rebate Fund, to be held by the Authority.

Section 503. Project Fund.

1. There shall be paid into the Project Fund the amounts required to be so paid by the provisions of this Resolution or any Supplemental Resolution (or Series Certificate), and there may be paid into the Project Fund, at the option of the Authority, any moneys received for or in connection with the Project by the Authority from any other source, unless required to be otherwise applied as provided by the Resolution. Amounts in the Project Fund shall be applied to the Cost of the Project. Any amounts which are deposited in the Project Fund to be applied for the cost of issuance of any Series of Bonds may be delivered by the Trustee pursuant to the Authority's written order delivered to the Trustee pursuant to Article II or III hereof.

2. The Trustee shall make payments from the Project Fund in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this paragraph. Before any such payment shall be made, there shall be filed with the Trustee a requisition therefor, signed by an Authorized Authority Representative, stating in respect of each payment to be made (a) the requisition number, (b) the name and address of the person, firm or corporation to whom payment is due or has been made, (c) the amount to be paid, and (d) that each obligation, item of cost or expense mentioned therein has been properly incurred, is an item of Cost of Project and is a proper charge against the Project Fund and has not been the basis of any previous withdrawal. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method, arrange to make the payment required by such requisition.

3. The completion of the Project shall be evidenced by a certificate or certificates of an Authorized Authority Representative, which shall be filed with the Trustee, stating (i) that the Project has been completed, (ii) the date of completion, (iii) the amount, if any, required in the opinion of the signer or signers for the payment of any remaining part of the Cost of Project thereof (the "Completion Certificate"). Notwithstanding the foregoing, the Completion Certificate may state that it is given without prejudice to any rights against third parties which exist as of the date of such certificate or which may subsequently come into being. At any time after the filing of the Completion Certificate, upon the delivery to the Trustee of written instructions of an Authorized Authority Representative, the Trustee shall transfer to the Operating Fund from the Project Fund, money in an amount equal to such amount as may be determined by the Authority and evidenced in a certificate of an Authorized Authority Representative to be necessary or desirable to fund Authority Administrative Expenses, such amounts to be applied to the purposes of such Fund. Upon the filing of the Completion Certificate, the balance in the Project Fund in excess of the amount, if any, to be retained therein as stated in such Completion Certificate and the amount to be transferred to the Operating Fund as set forth in the immediately preceding sentence shall be paid over or transferred for deposit in the Debt Service Fund for application in accordance with the requirements of paragraph 4 of this Section. If subsequent to the filing of the Completion Certificate it shall be determined that any amounts specified in the Completion Certificate as being required for the payment of any remaining part of the Cost of Project are no longer so required, such fact shall be evidenced by a certificate or certificate of an Authorized Authority Representative which shall be filed with the Trustee stating such fact and any amount shown therein as no longer being required shall be paid over or transferred for deposit in the Debt Service Fund for application in accordance with the requirements of paragraph 4 of this Section.

4. Amounts transferred from the Project Fund to the Debt Service Fund pursuant to this Section shall be applied (i) to the retirement by purchase or redemption of Bonds or (ii) to the payment of debt service on the Bonds from which such amounts were derived, as set forth in a certificate of an Authorized Authority Representative filed with the Trustee; provided that any such proceeds which are to be applied in accordance with clause (ii) hereof shall be invested subject to such yield restrictions as shall be directed by Bond Counsel. The Basic Rent payable by the Lessee shall be adjusted to reflect the amounts transferred and applied pursuant to this Section.

Section 504. Revenue Fund.

All Revenues shall be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund.

Section 505. Operating Fund.

1. As soon as practicable after the deposit of Revenues into the Revenue Fund, but in any case no later than ten Business Days after the deposit of any Revenues in the Revenue Fund, the Trustee shall withdraw from the Revenue Fund and credit to the Operating Fund a sum which is equal to the sum of the Authority Administrative Expenses included in such payment. The Trustee may rely conclusively upon its copies of the Authority's requests to the Lessee for Additional Rent under the Lease in determining the appropriate amount to credit to the Operating Fund.

2. Amounts in the Operating Fund shall be paid out from time to time by the Trustee for reasonable and necessary Authority Administrative Expenses upon requisition submitted to the Trustee and signed by an Authorized Authority Representative stating: (i) the name of the person, firm or corporation to whom each such payment is due; (ii) the respective amounts to be paid; (iii) the purpose by general classification for which each obligation to be paid was or will be incurred; and (iv) that obligations in the stated amounts have been or will be incurred by the Authority and that each item thereof is a proper charge against the Operating Fund has not been previously paid.

3. Amounts in the Operating Fund which the Authority at any time determines to be in excess of the requirements of such Fund, such determination to be evidenced by a written statement to this effect signed by an Authorized Authority Representative, shall be applied to make up any deficiencies then existing in the Debt Service Fund. Any balance of such excess not so applied shall be deposited in the General Reserve Fund.

Section 506. Payments into Certain Funds.

As soon as practicable after the deposit of Revenues into the Revenue Fund and after payment has been made to the Operating Fund pursuant to Section 505, but in any case no later than five Business Days after the deposit of any Revenues in the Revenue Fund, the Trustee shall credit to, or transfer to the Depository for deposit as the case may be, the following Funds and Accounts in the following order of priority the amounts set forth below, but only to the extent the amount in the Revenue Fund shall be sufficient therefor:

(1) To the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the sum of the amounts of the Debt Service Requirement on the Bonds for the next succeeding Interest Payment Date, provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded from the balance in said Fund the amount, if any, set aside in said Fund from the proceeds of Bonds for the payment of interest on Bonds less that amount of such proceeds to be applied in accordance with the Resolution to the payment of interest accrued and unpaid and to accrue on Bonds to the next Interest Payment Date;

(2) To the General Reserve Fund, the balance remaining in the Revenue Fund after making the foregoing deposits;

provided, however, that so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon) no transfers shall be required to be made to the Debt Service Fund.

Section 507. Debt Service Fund.

1. On each Interest Payment Date and each redemption date, the Trustee shall withdraw from the Debt Service Fund an amount equal to the interest due on the Bonds on such Interest Payment Date or redemption date, which moneys shall be paid by the Paying Agent to the payment of such interest.

2. On the maturity or Sinking Fund Installment due date of any Bonds, the Trustee shall make available to the Paying Agent from moneys in the Debt Service Fund an amount equal to the principal or Redemption Price of the Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such principal or Redemption Price.

3. On each redemption date, other than a Sinking Fund Installment due date, the Trustee shall make available to the Paying Agent from moneys in the Debt Service Fund an amount equal to the Redemption Price of the Bonds to be redeemed on such redemption date, which moneys shall be applied by the Paying Agent to the payment of such Redemption Price.

4. Amounts accumulated in the Debt Service Fund with respect to any Sinking Fund Installment, if so directed in writing by the Authority, shall be paid by the Trustee, on or prior to the fortieth (40th) day next preceding the due date of such Sinking Fund Installment, for the purchase of Bonds of the maturity for which such Sinking Fund Installment was established. All purchases of any Bonds pursuant to this subsection 4 shall be made at prices not exceeding the

applicable sinking fund Redemption Price of such Bonds plus accrued interest and, such purchases shall be made by the Trustee as directed in writing from time to time by the Authority. The applicable sinking fund Redemption Price (or principal amount of maturing bonds of any Bonds so purchased or redeemed) shall be deemed to constitute part of the Debt Service Fund until such Sinking Fund Installment date, for the purpose of calculating the amount of such Fund. As soon as practicable after the fortieth (40th) day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 405, on such due date Bonds of the maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the Authority from the Debt Service Fund or from other legally available funds of the Authority.

Section 508. Omitted.

Section 509. General Reserve Fund.

1. The Trustee shall credit to or transfer from the General Reserve Fund moneys for deposit, in the Debt Service Fund, if, five (5) days prior to any Interest Payment Date or Principal Installment due date, the amount on deposit in the Debt Service Fund shall be less than the Debt Service Requirement, the amount necessary (or all moneys in the General Reserve Fund if less than the amount necessary) to cure such deficiency. Such transfers shall be made notwithstanding any other provision of the Resolution requiring deposits in the General Reserve Fund to be applied to the purchase or redemption of Bonds.

2. Amounts in the General Reserve Fund not required to meet a deficiency as required in subsection 1 of this Section 509 shall, upon the determination of the Authority, be applied to or set aside for any one or more of the following:

(a) the purchase or redemption of any Bonds and expenses in connection with the purchase or redemption of any Bonds or any reserves which the Authority determines shall be required for such purposes;

(b) payments into any separate account or accounts established in the Project Fund for application to the purposes of such account; and

(c) any other lawful purpose of the Authority related to the Project;

provided, however, that, subject to the provisions of subsection 1 of this Section 509, amounts deposited in the General Reserve Fund and required by the Resolution to be applied to the purchase or redemption of Bonds shall be applied to such purpose.

3. Upon any purchase or redemption pursuant to this Section 509 of Bonds for which Sinking Fund Installments shall have been established, there shall be credited toward each such Sinking Fund Installment thereafter to become due (other than the Sinking Fund Installment next due) an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Installments to be credited. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Section 510. Cancellation and Destruction of Bonds.

All Bonds paid or redeemed shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased or redeemed pursuant to Section 507(4) or 509(2) which have been delivered to the Trustee for application as a credit against Sinking Fund Installments and all Bonds purchased or redeemed by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Trustee, who 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 511. Rebate Fund.

Moneys on deposit in the Rebate Fund, including, earnings on or gain realized on any moneys or investments therein, shall be held by the Authority in trust and applied as provided by instructions to the Authority contained in the tax certificate delivered pursuant to Section 715 hereof.

ARTICLE VI
DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND
INVESTMENT OF FUNDS

Section 601. Depositories.

1. All moneys held by the Trustee and the Authority under the provisions of the Resolution shall constitute trust funds and the Trustee and the Authority may deposit such moneys with one or more Depositories in trust for said parties. All moneys deposited under the provisions of the Resolution with the Trustee or any Depository shall be held in trust and applied only in accordance with the provisions of the Resolution, and each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

2. Each Depository shall be a bank or trust company organized under the laws of the State of New Jersey or a national banking association having capital stock, surplus and undivided earnings of \$50,000,000 or more and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Resolution.

Section 602. Deposits.

1. All Revenues and moneys held by any Depository under the Resolution may be placed on demand or time deposit, if and as directed by the Authority in writing, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Authority in writing and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

2. All moneys held under the Resolution by the Trustee or any Depository shall be held in such other manner as may then be required by applicable Federal or State laws and regulations.

3. All moneys deposited with the Trustee and each Depository shall be credited to the particular Fund or Account to which such moneys belong and, except as provided with respect to the investment of moneys in Investment Securities in Section 603 hereof, the moneys credited to each particular Fund or Account shall be kept separate and apart from, and not commingled with, any moneys credited to any other Fund or Account or any other moneys deposited with the Trustee and each Depository.

Section 603. Investment of Certain Funds.

Moneys held in the Revenue Fund or the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities described in clause (a) of the definition of Investment Securities in Section 101, which Investment Securities mature, in the case of moneys held in the Debt Service Fund, not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund. Moneys held in the Project Fund, the Operating Fund and the General Reserve Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund. The Trustee shall make all such investments of moneys held by it in accordance with written instructions from time to time received from any Authorized Authority Representative; absent such written investment instructions, the Trustee shall not invest any such money. In making any investment in any Investment Securities with moneys in any Fund or Account established under the Resolution, the Lessee may instruct the Trustee or any Depository in writing to combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Investment Securities.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned or any gain realized on any moneys or investments in the Operating Fund or the General Reserve Fund shall be held for the benefit of the Revenue Fund and shall be paid into the Revenue Fund on a periodic basis at least quarterly or as otherwise shall be directed by the Lessee. Interest earned or gain realized on any moneys or investments in the Rebate Fund, the Debt Service Fund, the Revenue Fund or the Project Fund shall be held in such Fund for the purposes thereof.

Nothing in the Resolution shall prevent any Investment Securities acquired as investments of or security for funds held under the Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

Nothing in the Resolution shall preclude the Trustee from investing or reinvesting moneys through its bond department; provided, however, that the Lessee may, in its discretion, direct in writing that such moneys be invested or reinvested in a manner other than through such bond department.

Section 604. Valuation and Sale of Investments.

Obligations purchased as an investment of moneys in any Fund or Account created under the provisions of the Resolution shall be deemed at all times to be a part of such Fund or Account and any profit realized from the liquidation of such investment shall be credited to such Fund or Account, and any loss resulting from the liquidation of such investment shall be charged to the respective Fund or Account.

In computing the amount in any Fund or Account created under the provisions of the Resolution for any purpose provided in the Resolution, obligations purchased as an investment of moneys therein shall be valued at the amortized cost thereof. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until

interest on such obligation is paid. Such computation shall be determined as of January 1 in each year and at such other times as the Authority shall determine.

Except as otherwise provided in the Resolution, the Trustee or any Depository shall use its best efforts to sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be requested in writing by an Authorized Authority Representative so to do. Whenever it shall be necessary, or upon written direction of the Lessee or the Authority in accordance with the Resolution, in order to provide moneys to meet any payment or transfer from any Fund or Account held by the Trustee or any Depository, the Trustee or any Depository shall use its best efforts to sell at the best price obtainable or present for redemption such obligation or obligations designated by an Authorized Authority Representative necessary to provide sufficient moneys for such payment or transfer; provided, however, that the Trustee or Authorized Authority Representative, as applicable, shall give prior notice to the Lessee, to the extent practicable, of any such proposed liquidation or redemption.

The Trustee shall not be liable or responsible for any loss resulting from any such Investment, sale or presentation for investment made in the manner provided above.

ARTICLE VII PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Trustee and the Bondholders as follows:

Section 701. Payment of Bonds.

The Authority shall duly and punctually pay or cause to be paid, but solely from the Pledged Property, the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof.

Section 702. Extension of Payment of Bonds.

The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of Revenues or Funds established by the Resolution, including the investments, if any, thereof, pledged under the Resolution or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest.

Section 703. Offices for Servicing Bonds.

The Authority shall at all times maintain one or more agencies in the State of New Jersey, and may maintain one or more such agencies in any other state or states, where Bonds may be presented for payment. The Authority hereby appoints Manufacturers and Traders Trust Company, Iselin, New Jersey, as Bond Registrar, and the Authority shall at all times maintain one or more agencies where Bonds may be presented for registration or transfer and where notices, demands and other documents may be served upon the Authority in respect of the Bonds or of the Resolution, and the Trustee shall continuously maintain or make arrangements to provide such services.

Section 704. Further Assurance.

At any and all times the Authority shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee to pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and funds hereby pledged, or intended so to be, or which the Authority may become bound to pledge.

Section 705. Power to Issue Bonds and Pledge Pledged Property.

The Authority is duly authorized under all applicable laws to create and issue the Bonds, to adopt the Resolution and to pledge the Pledged Property purported to be subjected to the lien of the Resolution in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Resolution, the Pledged Property so pledged is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with the pledge and assignment created by the Resolution, and all action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally binding obligations of the Authority. The Authority shall at all times to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

Section 706. Creation of Liens.

The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out or secured by a pledge or assignment of the Pledged Property held or set aside by the Fiduciaries under the Resolution and shall not create or cause to be created any lien or charge on the Pledged Property; provided, however, that nothing contained in the Resolution shall prevent the Authority from issuing, if and to the extent permitted by law evidences of indebtedness payable out of or secured by a pledge and assignment of the Pledged Property on and after such date as the pledge of the Pledged Property provided in the Resolution shall be discharged and satisfied as provided in Section 1201.

Section 707. The Lease.

The Authority shall collect or cause to be collected and forthwith cause to be deposited in the Revenue Fund held by the Trustee all amounts, if any, payable to it pursuant to the Lease, including Rentals. The Authority shall provide the Trustee with a certified copy of all requests for Additional Rent submitted to the Lessee under the Lease. The Authority shall enforce or cause to be enforced all of the provisions of the Lease. The Authority will not consent or agree to or permit any amendment, change or modification to the Lease which would adversely affect the rights or security of Bondholders unless the Bondholder consent requirements contained in Section 9.4 of the Lease have been satisfied. A copy of the Lease certified by an Authorized Authority Representative shall be filed with the Trustee, and a copy of any such amendment certified by an Authorized Authority Representative shall be filed with the Trustee.

Section 708. Accounts and Reports.

1. The Authority shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in accordance with generally accepted accounting principles in which complete and correct entries shall be made of its transactions relating to the amount of Revenues and the application thereof and each Fund or Account established under the Resolution. All books and papers of the Authority shall, subject to the terms thereof, at all times be subject to the inspection of the Trustee and the Holders of an aggregate of not less than 5% in

principal amount of the Bonds then outstanding or their representatives duly authorized in writing.

2. The Trustee and any Depository shall advise the Authority as soon as practicable after the end of each Month of the respective transactions during such Month relating to each Fund or Account held by it under the Resolution.

3. The Authority shall cause its books and accounts to be audited annually, accompanied by an Accountant's Certificate and including the following statements in reasonable detail: (i) a statement of assets and liabilities as of the end of such fiscal year; and (ii) a statement of revenues and expenses of the Authority for such fiscal year.

4. The Authority shall file or cause to be filed with the Trustee forthwith upon becoming aware of any Event of Default or default in the performance by the Authority of any covenant, agreement or condition contained in the Resolution, a certificate signed by an Authorized Authority Representative and specifying such Event of Default or default.

5. The reports, statements and other documents required be furnished to the Trustee pursuant to any provisions of the Resolution shall be available for the inspection of the Bondholders at the office of the Trustee and shall be mailed to each Bondholder who shall file a written request therefor with the Authority. The Authority may charge or cause to be charged each Bondholder requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

Section 709. Power to Determine and Collect Rentals.

The Authority has, and will have as long as any Bonds are Outstanding, good right and lawful power to establish and collect or cause to be established and collected the Rentals.

Section 710. Rentals.

The Authority shall at all times establish and collect or cause to be established and collected Rentals, as shall be required to provide Revenues at least sufficient in each fiscal year of the Authority, together with other available funds, for the payment of the sum of:

- (a) an amount equal to the Debt Service for such fiscal year of the Authority;
- (b) Authority Administrative Expenses; and
- (c) all other charges or liens whatsoever payable out of Revenues during such fiscal year of the Authority.

Section 711. Improvements to Facilities and its Operation and Maintenance.

1. The Authority shall cause the Facilities to be improved (with proceeds of Bonds) with due diligence and in a sound and economical manner and in a sound and economical manner.

2. The Authority shall at all times operate or cause to be operated the Facilities properly and in an efficient and economical manner, consistent with good business practices, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, reserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the leasing of the Facilities may be properly and advantageously conducted.

Section 712. Application of Insurance Proceeds.

The proceeds of any insurance, including the proceeds of any self-insurance fund, or condemnation award paid on account of any damage or destruction to the Facilities or any portion thereof (other than any business interruption loss insurance) shall be applied as set forth in the Lease.

Section 713. Payment of Taxes and Charges.

The Authority will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the Authority or upon the rights, revenues, income, receipts, and other moneys, securities and funds of the Authority when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under the Resolution), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Authority shall in good faith contest by proper legal proceedings if the Authority shall in all such cases have set aside on its books reserves deemed adequate with respect thereto.

Section 714. General.

1. Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Authority, shall comply in all respects with the applicable laws of the State.

2. The Authority shall at all times maintain its existence and shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Resolution.

Section 715. Tax Covenant.

The Authority covenants to maintain the exclusion from gross income for federal income tax purposes of interest on each Series of Bonds, to the extent that Bond Counsel has rendered an opinion with respect to the Bonds of such Series to the effect that, subject to the conditions and qualifications contained in each such opinion, the interest on the Bonds of such Series is excludable from gross income for federal income tax purposes. In furtherance of the covenant contained in the preceding sentence, the Authority will, among other things, comply with the

instructions as to compliance with rebate contained in the tax certificate delivered by the Authority as of the date of, and with respect to, the first issuance and delivery of the Bonds, as a source of guidance for achieving compliance with the Code. Notwithstanding any other provision of the Resolution to the contrary, so long as necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, the Covenants contained in this Section 715 shall survive the payment or discharge thereof pursuant to Section 1201 of the Resolution.

Section 716. Compliance with County Guaranty.

The Authority shall not release or modify the obligations of the County under the terms of the County Guaranty in any manner which would adversely affect the County's obligation to make payments thereunder. Any modification of the County Guaranty shall be delivered to the Trustee and shall be accompanied by an opinion of Bond Counsel which states that such modification is in compliance with the provisions of this Section. The Authority shall take all reasonable measures which are permitted by the Act or otherwise by law, to defend, enforce, preserve and protect the rights, benefits and privileges of the Authority and of the Bondholders of Series 2024 Bonds under or with respect to the County Guaranty.

ARTICLE VIII REMEDIES OF BONDHOLDERS

Section 801. Events of Default.

The following events shall constitute an Event of Default under the Resolution:

(i) if default shall be made by the Authority in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(ii) if default shall be made by the Authority in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Installment is due on the maturity date of such Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable;

(iii) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall continue for a period of sixty (60) days and the Authority shall have failed to commence to cure such default within such sixty (60) day period after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than ten percent (10%) in principal amount of the Bonds Outstanding;

(iv) if the Authority shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of the Facilities and/or its rents, fees, charges or other revenues therefrom, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debts as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing; or

(v) if a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Authority in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Authority, of the Facilities and/or the rents, fees, charges or other revenues therefor, or a decree or order for the dissolution, liquidation or winding up of the Authority and its affairs or a decree or order finding or determining that the Authority is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of 60 (sixty) consecutive days;

then, solely in connection with (i) and (ii) above (and not in connection with (iii) through (v) above), so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, the Trustee by notice in writing to the Authority may, or upon receipt of a direction in writing from the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding, shall declare the principal of

all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately due, and upon any such declaration the same shall become and be immediately and payable, anything in the Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee or of the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper fees, charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Holders of twenty-five percent (25%) in principal amount of the Bonds Outstanding, by written notice to the Authority and the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Holders of twenty-five percent (25%) in principal amount of the Bonds Outstanding, then any such declaration shall ipso facto be deemed to be rescinded and any such default shall ipso facto be deemed to be annulled, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Section 802. Accounting and Examination of Records After Default.

1. The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority shall at all times be subject to the inspection and use of the Trustee and its agents and attorneys.

2. The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the Authority, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Resolution for such period as shall be stated in such demand.

Section 803. Application of Pledged Property After Default.

1. The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon the demand of the Trustee, shall pay over or cause to be paid over to the Trustee (a) forthwith, all Pledged Property then held by the Authority under the Resolution, and (b) all Revenues which are not paid directly to the Trustee as promptly as practicable after receipt thereof.

2. During the continuance of an Event of Default, the Trustee shall apply the Pledged Property, including all moneys, securities, funds and Revenues received by the Trustee

pursuant to any right given or action taken under the provisions of this Article together with all funds held by the Trustee under the Resolution as follows and in the following order:

(i) Expenses of Fiduciaries — to the payment of the reasonable and proper fees (including reasonable attorneys' fees), charges, expenses and liabilities of the Fiduciaries;

(ii) Principal or Redemption Price and Interest — to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:

(b) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: Interest — To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds, theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price — To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

(c) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

3. If and whenever all overdue installments of all Bonds, together with the reasonable and proper charges, fees (including reasonable attorneys' fees), expenses and liabilities of the Trustee, and all other sums payable by the Authority under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable, by declaration or otherwise shall either be paid by or for the account of the Authority, or provisions satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee) and thereupon the Authority and the Trustee shall be restored, respectively, to their former and

rights under the Resolution. No such payment over to the Authority by the Trustee nor such restoration of the Authority and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

Section 804. Appointment of Receiver.

The Trustee shall have the right to apply in an appropriate proceeding for the appointment of a receiver of the Facilities without regard to the value of the Facilities or the amounts of the Revenues arising therefrom.

Section 805. Proceedings Brought by Trustee.

1. If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than twenty-five (25%) in principal amount of the Bonds outstanding shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds under the Resolution and the Lease forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution or the Lease.

2. All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

3. The Holders of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Resolution and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

4. Regardless of the happening of an Event of Default, the Trustee shall have power to but unless requested in writing by the Holders of twenty-five percent (25%) in principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the resolution by any acts which may be unlawful or in violation of the Resolution, and such suits

and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

Section 806. Restrictions on Bondholder's Action

1. No Holder of any Bond shall have any right to institute any suit action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default as provided in this Article and the Holders of at least twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Resolution or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, fees (including reasonable attorneys' fees), expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Resolution, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of the Outstanding Bonds, subject only to the provisions of Section 702.

2. Nothing contained in the Resolution or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of (and premium, if any) and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

Section 807. Remedies Not Exclusive.

No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of execution and delivery of the Resolution.

Section 808. Effect of Waiver and Other Circumstances.

1. No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

2. Prior to the declaration of maturity of the Bonds as provided in Section 801 the Holders of twenty-five percent (25%) in principal amount of the Bonds at the time outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal of or premium (if any) on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 809. Notice of Default.

The Trustee shall promptly mail written notice of the occurrence of any Event of Default to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Authority. The Trustee shall also give prompt notice of the occurrence of an Event of Default to the Authority and the Paying Agent.

Section 810. Enforcement of County Guaranty.

The Trustee shall promptly enforce, and seek payment pursuant to, the County Guaranty upon the failure of the Lessee to make timely payments under the Lease.

ARTICLE IX CONCERNING THE FIDUCIARIES

Section 901. Trustee; Appointment and Acceptance of Duties.

Manufacturers and Traders Trust Company, Iselin, New Jersey, is hereby appointed Trustee under the Resolution. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution 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 issued, but only, however, upon the terms and conditions set forth in the Resolution.

Section 902. Paying Agents; Appointment and Acceptance of Duties; Bond Registrar.

1. The Authority shall appoint one or more Paying Agents for the Bonds of each Series, and may at any time or from time to time appoint one or more other Paying Agents. All Paying Agents appointed shall have the qualifications set forth in Section 913 for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

2. The corporate trust offices of the Paying Agents as from time to time designated by the Paying Agent shall be the respective offices or agencies of the Authority for the payment of the interest on and principal or Redemption Price of the Bonds.

3. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Authority and to the Trustee a written acceptance thereof. No Paying Agent shall be liable for the acts or omissions of any other Paying Agent.

4. The Authority shall appoint a Bond Registrar, which may be the Trustee. The Bond Registrar shall have the duties and the responsibilities provided in this Resolution. The Bond Registrar shall accept the responsibilities of a Bond Registrar hereunder with respect to all Bonds by executing a certificate to be delivered to the Trustee and the Authority.

Section 903. Responsibilities of Fiduciaries.

1. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or as to the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee or Bond Registrar shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Resolution to the Authority or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified to its satisfaction. Subject to the provisions of subsection 2 of this Section 903, no Fiduciary shall be

liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default.

2. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Resolution. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of the Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 903 and Section 904.

Section 904. Evidence on Which Fiduciaries May Act.

1. Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of the Resolution, shall examine such instrument to determine whether it conforms to the requirements of the Resolution and shall be protected in acting upon any such instrument believed by it in good faith 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 it under the 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 the 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 Authority Representative, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

3. Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by (i) the Authority to any Fiduciary shall be sufficiently executed in the name of the Authority when signed by an Authorized Authority Representative and (ii) the Lessee to any Fiduciary shall be sufficiently executed in the name of the Lessee when signed by an Authorized Lessee Representative.

Section 905. Compensation.

The Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including without limitation those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Resolution, in accordance with the agreements made from time to time between the Authority

and the Fiduciary, and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it under the Resolution prior to any of the Bonds for which such services have been rendered. Subject to the provisions of Section 903, the Authority further agrees to indemnify and save each Fiduciary harmless against any losses, liabilities expenses and fees which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to such Fiduciary's negligence, misconduct or default. The provisions of this Section shall survive the payment of the Bonds pursuant to Section 1201.

Section 906. Certain Permitted Acts.

Any Fiduciary, individually or otherwise, may become the owner of any Bonds, with the same rights 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 the Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding. To the extent permitted by law, any Fiduciary may provide banking, financial and similar services to the Authority and the Lessee.

Section 907. Resignation of Trustee.

The Trustee may at any time resign and be discharged of the duties created by the Resolution by giving not less than sixty (60) days written notice to the Authority, and mailing notice thereof to the Holders of 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 (i) previously a successor shall have been appointed by the Authority or the Bondholders as provided in Section 909, in which event such resignation shall take effect immediately on the appointment of such successor, or (ii) a successor shall not have been appointed by the Authority or the Bondholders as provided in Section 909 on such date, in which event such resignation shall not take effect until a successor is appointed.

Section 908. Removal of the Trustee.

The Trustee may be removed at any time, with or without cause by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in 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 an event which, 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 by a resolution of the Authority filed with the Trustee. No such removal of the Trustee shall be effective until a successor Trustee shall be appointed as provided in Section 909 and until such appointment shall be accepted by the party so designated as a successor Trustee.

Section 909. Appointment of Successor Trustee.

1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or

conservator of 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 Authority Representative, but if the Authority does not appoint a successor Trustee within sixty (60) days, then by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by 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 by it by the Bondholders to the registered owners of the Bonds then outstanding and to Moody's Investors Service, Inc. and/or S & P Global Ratings, acting through Standard & Poor's Financial Services LLC and/or by Fitch if the Bonds are then rated by such rating agency or agencies.

2. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Authority written notice as provided in Section 907 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, removal, or for any other reason whatsoever, 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 under the provisions of this Section 909 in succession to the Trustee shall be a bank or trust company organized under the laws of any state or a national banking association and shall have capital stock, surplus and undivided earnings 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 the duties imposed upon it by the Resolution.

Section 910. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also 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 moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority or of 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 and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property, rights, interests and estates held by it under the Resolution, and 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 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 Agents of its appointment as Trustee.

Section 911. 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 shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 912. Authentication by Successor.

In the case of any of the Bonds contemplated to be issued under the 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 shall have the full force which it is anywhere in said Bonds or in the Resolution provided that the certificate of the Trustee shall have.

Section 913. Resignation or Removal of Paying Agent or Bond Registrar and Appointment of Successor.

1. Any Paying Agent or Bond Registrar may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least sixty (60) days written notice to the Authority, the Trustee and the Paying Agent or Bond Registrar. Any Paying Agent or Bond Registrar may be removed by the Authority at any time by an instrument filed with such Paying Agent or Bond Registrar and the Trustee and signed by an Authorized Authority Representative. Any successor Paying Agent or Bond Registrar shall be appointed by the Authority with the approval of the Trustee and shall be a commercial bank or trust company organized under the laws of any state of the United States or national banking association, having capital stock, surplus and undivided earnings aggregating at least \$50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

In the event of the resignation or removal of any Paying Agent or Bond Registrar such Paying Agent or Bond Registrar shall pay over, assign and deliver any moneys held by it as Paying Agent or Bond Registrar 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 or Bond Registrar the Trustee shall act as such Paying Agent or Bond Registrar.

ARTICLE X SUPPLEMENTAL RESOLUTIONS

Section 1001. Supplemental Resolutions Effective Upon Filing With the 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 Authority Representative, shall be fully effective in accordance with its terms:

(1) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

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

(3) To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(4) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Article II, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(5) To authorize, in compliance with all applicable law, Bonds to be issued in the form of Bonds issued and held in book-entry form on the books of the Authority, any Fiduciary or custodian appointed for that purpose by the Authority and, in connection therewith, make such additional changes herein, not adverse to the rights of the Holders of the Bonds, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds, substitute for any such Fiduciary or custodian, provide for in, and amend any provisions in, the Resolution relating to the giving of notice, and specify and determine the matters and things relative to the issuance of such book-entry form Bonds as are appropriate or necessary;

(6) To confirm, as further assurance, any pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Resolution of the Pledged Property and to pledge any additional revenues, moneys, securities or other agreements; and

(7) To modify any of the provisions of the Resolution in any other respect whatever, provided that such modification shall become effective prior to the authentication and delivery of the first Bond authorized to be issued pursuant to this Resolution; provided that such Supplemental Resolution shall be specifically referred to in the text of all Bonds authenticated

and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof.

Section 1002. 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 Authority Representative, and (ii) the filing with the Trustee and the Authority of instruments 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 the Resolution; or

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

Section 1003. 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 Bondholders in accordance with and subject to the provisions of Article XI, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Authority Representative and upon compliance with the provisions of said Article XI, shall become fully effective in accordance with its terms as provided in said Article XI upon the filing with the Trustee of a copy thereof certified by an Authorized Authority Representative and upon compliance with the provisions of such Article XI.

Section 1004. General Provisions.

1. The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or 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 Section 704 or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Resolution referred to and permitted or authorized by Sections 1001 and 1002 may be adopted by the Authority without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights generally.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Section 1001, 1002 or 1003 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

4. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

ARTICLE XI AMENDMENTS

Section 1101. Mailing and Publication.

1. Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed posted prepaid only (i) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Authority, and (ii) to the Trustee. If the Bonds are rated by Moody's Investors Service Inc. and/or by S & P Global Ratings, acting through Standard & Poor's Financial Services LLC, then the Authority shall give notice to the rating agency or agencies that rated the Bonds of any material amendments to the Resolution.

2. Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

Section 1102. Powers of Amendment.

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution with the written consent, given as provided in Section 1103, of the Holders of at least a majority in principal amount of each Series of Bonds 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. 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 the 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 any Fiduciary without its written assent thereto. For the purpose of this Section, a maturity of Bonds shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such maturity. The Trustee may in its discretion determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds.

Section 1103. Consent of Bondholders.

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1102 to take effect when and as provided in this Section 1103. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee shall be mailed by the Authority to

Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section 1103 provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1102 and (b) an Opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, subject any applicable bankruptcy, insolvency or other laws affecting creditors' rights generally, and (ii) a notice shall have been given as hereinafter in this Section 1103 provided. 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 1203. A certificate or certificates executed by the Trustee and filed with the Authority stating that it has examined such proof and that such proof is sufficient in accordance with Section 1203 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 1203 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1103 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1203 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, the Trustee shall make and file with the Authority a written statement that the Holders of such required percentages of 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 be effective as provided in this Section 1103, 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 1103 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 1103 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 the proof of the mailing 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 any Fiduciary and the Authority 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 their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Section 1104. Modifications by Unanimous Consent.

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds there under 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 of the Bonds then outstanding, such consent to be given as provided in Section 1103 except that no notice to Bondholders 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 and of the Bondholders.

Section 1105. 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 any calculation of Outstanding Bonds provided for in this Article XI, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Authority Representative, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 1106. Notation on Bonds.

Bonds authenticated and delivered after the effective date of any action taken as in Article X or this Article XI provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal corporate trust office of the Trustee or upon any transfer or exchange of any Bond outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XII MISCELLANEOUS

Section 1201. Defeasance.

1. If, subject to the provisions set forth in the next succeeding sentence, the Authority shall pay or cause to be paid or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable and interest due or to become due thereon at the times and in the manner stipulated in the Bonds and in the Resolution, then the pledge of the Pledged Property, any Revenues, and other moneys and securities pledged under the Resolution and all covenants agreements and other obligations of the Authority to the Bondholders, 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 Fiduciaries shall pay over or deliver to the Authority the Pledged Property, including all moneys or securities held by them pursuant to the Resolution which are not required for the payment of principal or Redemption Price, if applicable, and interest on Bonds 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 the Outstanding Bonds of a particular Series, or of a particular maturity or particular Bonds within a maturity of a particular Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the Authority to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (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. Subject to the provisions of subsection 3 through subsection 6 of this Section, any Outstanding Bonds 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 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 accepted in writing by the Trustee to mail as provided in Article IV notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the 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 (including moneys withdrawn and deposited pursuant to subsection 4 of Section 507) in an amount which shall be sufficient, or Defeasance Obligations (including any Defeasance Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest

due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee form satisfactory to it instructions to mail a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 1201 and stating such maturity or redemption date or manner of determining such maturity or redemption date or period during which a maturity or redemption date may be chosen and the manner in which such date shall be chosen; upon which date moneys are expected, subject to the provisions of subsection 6 of this Section 1201, to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds (other than Bonds which have been purchased by the Trustee at the 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 provisions of this subsection with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity shall specify the letter and number or other distinguishing mark of each such Bond. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 1201 to the retirement of said Bonds in amounts equal to the unsatisfied balances (determined as provided in Section 507) of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in the Resolution. The Trustee shall, if so directed by the Authority (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1201 which are not to be redeemed prior to their maturity date 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 1201 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Defeasance Obligations 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 Defeasance Obligations remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient (as verified by an independent certified public accountant) to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all Bonds, in respect of which such moneys and Defeasance Obligations 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 1201 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) with respect to any Bonds deemed to have been paid in accordance with this Section 1201 which 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 1201. The directions given by the Authority to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1201 upon their maturity date or dates and

the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 1201 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 1201 the total amount of moneys and Defeasance Obligations remaining on deposit with the Trustee under this Section 1201 is in excess (as verified by an independent certified public accountant) of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds in order to satisfy subclause (b) of this subsection 2 of Section 1201, the Trustee shall, if requested by the Authority pay the amount of such excess the Authority free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Resolution. Except as otherwise provided in this subsection of Section 1201 and in subsection 3 through subsection 5 of this Section 1201, neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Obligations 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, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, (A) to the extent such cash will not be required (as verified by an independent certified public accountant) 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 the 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 Defeasance Obligations maturing at times and in amounts sufficient (as verified by an independent certified public accountant) to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Resolution. For the purposes of this Section, Defeasance Obligations shall mean and include only (x) such securities as are described in this subsection 1201(2) which shall not be subject to redemption prior to their maturity other than at the option of the Holder thereof, (y) such securities as are described in this subsection 1201(2) which shall not be subject to redemption prior to their maturity other than at the option of the Holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the Holder thereof or (z) upon compliance with the provisions of subsection 5 of this Section 1201, such securities as are described in this subsection 1201(2) which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

3. Defeasance Obligations described in clause (z) of subsection 2 of this Section 1201 may be included in the Defeasance Obligations deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of this Section 1201 only if the determination as to whether the moneys and Defeasance Obligations to be deposited with the Trustee in order to satisfy the requirements of such clause (b) would be sufficient to pay when due either on the maturity date thereof or, in the case of any bonds to be redeemed prior to the maturity date thereof, on the redemption date or dates specified in any notice of redemption to be mailed by the Trustee in accordance with subsection 2 of this Section 1201, the principal and

Redemption Price, if applicable, and interest on the Bonds which will be deemed to have been paid as provided in subsection 2 of this Section 1201 is made both (i) on the assumption that the Defeasance Obligations described in clause (z) were not redeemed at the option of the issuer prior to the maturity date thereof and (ii) on the assumptions that such Defeasance Obligations would be redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Defeasance Obligations that the proceeds of such redemption would not be reinvested by the Trustee.

4. In the event that after compliance with the provisions of subsection 3 of this Section 1201 the Defeasance Obligations described in clause (z) of subsection 2 of this Section 1201 are included in the Defeasance Obligations deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of this Section 1201 and any such Defeasance Obligations are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee at the direction of the Authority, provided 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 1201, shall at all times be sufficient (as verified by an independent certified public accountant) to satisfy the requirements of clause (b) of subsection 2 of this Section 1201, shall reinvest the proceeds of such redemption in Defeasance Obligations. The Trustee shall mail notice of the substitution of Defeasance Obligations to the Holders of the Bonds.

5. 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 any redemption date or dates in respect of 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 that redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 1201 upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption.

6. If the Bonds are rated by Moody's Investors Service, Inc. and/or by S & P Global Ratings, acting through Standard & Poor's Financial Services LLC and/or Fitch, Inc., then the Authority shall give notice to the rating agency or agencies that rated the Bonds of any defeasance of all or any of the Bonds.

Section 1202. Unclaimed Funds.

Except as may be otherwise required by the Uniform Unclaimed Property Act, N.J.S.A. 46:30B-1 et seq., anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years 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 Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such Bonds; provided,

however, that before being required to make any such payment to the Authority the Fiduciary shall, at the expense of the Authority, cause to be published at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Section 1203. Evidence of Signatures of Bondholders and Ownership of Bonds.

Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) 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:

(1) The fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the 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 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 amount of Bonds transferable by delivery held by any person executing any instrument as a Bondholder, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, showing at the date therein mentioned that such person exhibited to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

2. The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification and date of holding the same shall be proved by the registry books.

3. Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

Section 1204. 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.

Section 1205. Preservation and Inspection of Documents.

All documents received by any Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary and any Bondholder and their agents and their representatives any of whom may make copies thereof.

Section 1206. Parties Interested Herein.

Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Authority, the Fiduciaries and the Holders of the Bonds, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries and the Holders of the Bonds.

Section 1207. No Recourse on the Bonds.

No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on the Resolution against any member or officer of the Authority or any person executing the Bonds.

Section 1208. Publication of Notice; Suspension of Publication.

1. Any publication to be made under the provisions of the Resolution in successive weeks or on successive dates may be made in each instance upon any business day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in a different Authorized Newspaper.

2. If, because of the temporary or permanent suspension of the publication or general circulation of any Authorized Newspaper or for any other reason, it is impossible or impractical to publish any notice pursuant to the Resolution in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

Section 1209. Severability of Invalid Provisions.

If any one or more of the covenants or agreements provided in the Resolution on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Resolution.

Section 1210. Holidays.

Except with respect to the computation of a Record Date, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Resolution, shall be a legal holiday or a day on which banking institutions in the municipality in which is located the principal office of the Trustee or the office of the Authority are authorized by law to remain closed, such payment may or act performed or right exercised on the next succeeding day not a legal holiday or day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in the Resolution, and no interest shall accrue for the period after such nominal date.

Section 1211. Notices and Demands.

All notices, demands or other communications provided for in this Resolution shall be in writing and shall be delivered personally, or sent by certified or registered mail, to (i) the Authority at 10 Elizabethtown Plaza, Elizabeth, New Jersey 07207, Attn: Executive Director, (ii) the County at the County Administration Building, 10 Elizabethtown Plaza, Elizabeth, New Jersey 07207, Attn: Director/County Treasurer and (iii) the Trustee at 99 Wood Avenue South, Iselin, New Jersey 08830, or to such other representatives or addresses as the Authority, the County or the Trustee may from time to time designate by written notice to the parties hereto or beneficiaries hereof.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Resolution and related financing documents and delivered using Electronic Means; provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authorization to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses

arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

Section 1212. Governing Law.

This Resolution shall be governed by the laws of the State of New Jersey.

ARTICLE XIII
BOND FORMS AND EFFECTIVE DATE

Section 1301. Forms of Bonds.

Subject to the provisions of the Resolution the forms of the Bonds shall be substantially as follows:

NO. R

\$ _____

UNITED STATES OF AMERICA
STATE OF NEW JERSEY
THE UNION COUNTY IMPROVEMENT AUTHORITY
COUNTY GUARANTEED LEASE REVENUE BOND, SERIES 2024
(UNION COUNTY ADMINISTRATION COMPLEX PROJECT)

INTEREST	AUTHENTICATION	DATED	MATURITY	CUSIP
RATE:	DATE:	DATE:	DATE:	

Registered Owner:

Principal Sum: _____ Dollars (\$ _____)

THE UNION COUNTY IMPROVEMENT AUTHORITY (the “Authority”), body corporate and politic organized and existing under the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey, as amended and supplemented (the “Act”), for value received, hereby promises to pay to the Registered Owner stated hereon, or registered assigns, but only out of the sources hereinafter mentioned, on the MATURITY DATE shown above, unless this bond shall have been called for redemption in whole or in part and payment of the redemption price shall have been duly made or provided for, upon presentation and surrender hereof, at the corporate trust office of Manufacturers and Traders Trust Company, Iselin, New Jersey (the “Paying Agent”), the Principal Sum stated hereon and to pay, but only out of the sources hereinafter mentioned, interest on such principal sum on each April 15 and October 15, commencing October 15, 2024, from the date hereof until payment of said principal sum has been made or provided for, at the Interest Rate stated hereon to the registered owner hereof as of the Record Date (as such term is defined in the Resolution) and shall be paid by check or draft mailed on the interest payment date to such registered owner at his or her address as it appears on the registration books of the Authority kept at the above office of Manufacturers and Traders Trust Company, Iselin, New Jersey (the “Bond Registrar”).

Copies of the Resolution are on file at the office of the Authority and at the principal corporate trust office of Manufacturers and Traders Trust Company, Iselin, New Jersey, as Trustee under the Resolution, or its successor (the “Trustee”), and reference to the Act and of the Resolution (hereinafter defined) and any and all modifications and amendments thereof is made for a description of the pledge securing the bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of bondholders with respect thereto and the terms and conditions upon which the bonds are issued and may be issued thereunder.

This bond is one of a duly authorized issue of bonds of the Authority designated as its "County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project)," in the aggregate principal amount of \$ _____ issued pursuant to the Act and under and pursuant to a resolution of the Authority adopted _____, 2021, entitled "County Guaranteed Lease Revenue Bond Resolution (Union County Administration Complex Project)" (the "Resolution").

Terms used herein and not otherwise defined shall have the meaning given to in the Resolution.

The Bonds are payable solely from and secured by a pledge of the Revenues as defined in the Resolution, proceeds of Bonds held or set aside under the Resolution, and the funds and accounts established under the Resolution.

The Bonds are issuable in the form of registered bonds in the denominations of \$5,000 or any integral multiple thereof.

The Bonds maturing on or after _____ 15, 20__ are subject to redemption prior to maturity, upon giving notice as hereinafter provided, (1) in part by operation of the Debt Service Fund established under the Resolution to satisfy sinking fund installments, on any interest payment date on and after _____ 15, ____, at the principal amount thereof together with accrued interest to the redemption date, and (2) otherwise, on and after _____ 15, 20__, as a whole at any time, or in part, by lot within a maturity from maturities selected by the Authority, on any interest payment date, at the respective redemption prices (expressed as percentages of the amount of the bonds or portions thereof to be redeemed) set forth below in each case together with accrued interest to the redemption date:

Period During Which Redeemed
(Both Dates Inclusive)

Redemption Prices

[Insert Redemption Provisions]

When Bonds have been selected for redemption pursuant to any provision of the Resolution, the Trustee shall give written notice of redemption of such Bonds in the name of the Authority, which notice shall set forth: (i) the date fixed for redemption, (ii) the Redemption Price to be paid, (iii) that such Bonds will be redeemed at the Principal Office of the Paying Agent, (iv) if less than all of such Bonds of like Series and maturity shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed, and (v) 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 thereon to the redemption date, and that, from and after such date, interest thereon shall cease to

accrue. In case any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, the Holder thereof shall be entitled to a new Bond or Bonds, bearing interest at the same rate and in aggregate principal amount equal to the unredeemed portion of such Bond.

The notice required to be given by the Trustee shall be sent by registered mail to the registered owners of the Bonds to be redeemed, at their addresses as they appear on the Bond registration books of the Authority, not less than thirty (30) 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 Holder of such Bond as herein provided 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 the Resolution.

This bond is transferable, as provided in the Resolution, only upon the books of the Authority kept for that purpose at the office of the Bond Registrar by the registered owner hereof in person or by his or her duly authorized attorney, upon surrender with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his or her duly authorized attorney, and whereupon a new registered bond or bonds, in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The Authority, the Trustee, Bond Registrar, and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of the principal or redemption price hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Authority, with the written consent of the holders of at least majority in principal amount of the Bonds Outstanding under the Resolution at the time such consent is given, and, in case less than all of the several maturities of Bond then Outstanding are affected thereby, with such consent of at least a majority in principal amount of the Bonds of each maturity 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 Resolution, the consent of the holders of such Bonds 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, the Bond Register or of the Paying Agent without its written assent thereto.

The Bonds shall not be deemed to constitute a debt or liability of the State of New Jersey or of any political subdivision thereof (except the Authority, but solely to the extent of the Pledged Property, and the County, but solely to the extent of the Rentals made pursuant to the

Lease and the payments made pursuant to the County Guaranty); or a pledge of the full faith and credit of the State or any such political subdivision (except the Authority, but solely to the extent of the Pledged Property, and the County, but solely to the extent of the Rentals made pursuant to the Lease and the payments made pursuant to the County Guaranty); and neither the State nor any such political subdivision thereof (except the Authority, but solely to the extent of the Pledged Property, and the County, but solely to the extent of the Rentals made pursuant to the Lease and the payments made pursuant to the County Guaranty) is obligated to pay the Bonds or interest thereon, and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof (except the Authority, but solely to the extent of the Pledged Property, and the County, but solely to the extent of the Rentals made pursuant to the Lease and the payments made pursuant to the County Guaranty) is pledged to the payment of the principal of or interest on the Bonds.

The Act provides that neither the members of the Authority nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

This bond is not to be entitled to any benefits under the Resolution or be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the manual signature of the Trustee or the Bond Registrar.

IN WITNESS WHEREOF, THE UNION COUNTY IMPROVEMENT AUTHORITY has caused this bond to be executed in its name by the manual signature of its Chairman and its corporate seal to be imprinted hereon and attested by the manual signature of its Secretary, all as of the DATE OF ORIGINAL ISSUE.

[Authority Seal]

THE UNION COUNTY IMPROVEMENT

Attest:

Secretary

By: _____
Chairman

GUARANTY BY THE COUNTY OF UNION

The payment of the principal of and interest on the within Bond shall be fully, irrevocably and unconditionally guaranteed by the County of Union, a body corporate and politic of the State of New Jersey (the "County"), in accordance with the provisions of N.J.S.A. 40:37A-80 and the guaranty ordinance of the County finally adopted pursuant thereto, and the County is fully, irrevocably and unconditionally liable for the payment, when due, of the principal of and interest on this 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 payment.

IN WITNESS WHEREOF, the County of Union, New Jersey has caused this Guaranty to be executed by the manual or facsimile signature of its Chairman of the Board of County Commissioners, Vice Chairman of the Board of County Commissioners or Director of Finance.

COUNTY OF UNION, NEW JERSEY

Chairman of the Board of County Commissioners,
Vice Chairman of the Board of County Commissioners
or Director of Finance

CERTIFICATE OF AUTHENTICATION

This bond is one of the issue of County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project) delivered pursuant to the within mentioned Resolution.

Manufacturers and Traders Trust Company,
as trustee

By: _____
Authorized Signature

Section 1302. Effective Date.

This Resolution shall take effect immediately upon the adoption in accordance with the Act.

LEASE AND AGREEMENT

BETWEEN

THE UNION COUNTY IMPROVEMENT AUTHORITY

AND

COUNTY OF UNION

DATED AS OF APRIL 1, 2024

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THIS LEASE AND AGREEMENT, dated as of April 1, 2024, by and between The Union County Improvement Authority (hereinafter referred to as the “Authority”) and County of Union, New Jersey (hereinafter referred to as the “Lessee”).

WITNESSETH

WHEREAS, the Authority is authorized by the County Improvement Authorities Law, Chapter 183 of the Laws of New Jersey of 1960, as amended and supplemented (N.J.S.A. 40:37A-44 et seq.) (the “Act”), to provide within Union County, New Jersey, facilities for use by the State, the County, or any municipality in the County, or any two or more or any subdivisions, departments, agencies or instrumentalities of any of the foregoing for any of their respective governmental purposes or for use by nonprofit corporations organized for any one or more of the purposes described in N.J.S.A. 15A:2-1(a); and

WHEREAS, the Authority is authorized by the Act to lease to any governmental unit or such nonprofit corporation, all or any part of any facility for such consideration and for such period or periods of time upon such other terms and conditions as it may fix and agree upon; and

WHEREAS, the Lessee has requested that the Authority finance and undertake the planning, design, construction and equipping of a new County Administration complex located at 61-99 West Grand Street, Elizabeth, New Jersey (the “Improvements”) on the real property described in Appendix A attached to the Ground Lease, dated as of April 1, 2024 (the “Ground Lease”), between the Lessee and the Authority (the “Facility Site” and together with the Improvements, the “Facilities”); and

WHEREAS, the Lessee has determined to finance the Improvements through the Authority; and

WHEREAS, the Authority proposes to lease the Facility Site from the County pursuant to the Ground Lease, and to lease the Facilities back to the County pursuant to this Lease and Agreement, dated as of April 1, 2024, by and between the Authority and the County;

WHEREAS, the Authority will, pursuant to the Act, provide for the financing of the cost of the construction and improvement of the Facilities by the issuance of its revenue bonds payable, in part, from rentals to be received from the Lessee pursuant to this Agreement;

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

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 1.1 Definitions. The terms set forth in this section shall have the meanings ascribed to them for all purposes of this 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. Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed thereto in the Bond Resolution.

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

“Additional Bond” or **“Additional Bonds”** shall have the meaning ascribed thereto in the Bond Resolution.

“Additional Rent” shall have the meaning assigned thereto in Section 4.1(b) hereof.

“Agreement” shall mean this Lease and Agreement, dated as of April 1, 2024, between the Authority and the Lessee, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof and the Bond Resolution.

“Authority” shall mean The Union County Improvement Authority, a public body corporate and politic organized and existing under the Act and created pursuant to an ordinance of the Board of Chosen Freeholders (currently known as the Board of County Commissioners) of Union County adopted on June 5, 1986, and any successor to its duties and functions.

“Authority Administrative Expenses” shall mean the expenses of the Authority and its agents and employees incurred or to be incurred by or on behalf of the Authority in the administration of its responsibilities under the Bond Resolution, the Ground Lease and this Agreement, including, but not limited to, (i) the Initial Authority Financing Fee, (ii) the Annual Authority Administrative Fee, (iii) all fees and expenses, including but not limited to indemnification expenses, if any, incurred in connection with the issuance of any Bonds, the financing of the Project or the compelling of the full and punctual performance of the Bond Resolution, this Agreement and the Ground Lease in accordance with the terms hereof and thereof, (iv) all fees and expenses, including but not limited to continuing disclosure expenses and indemnification expenses, if any, of counsel, fiduciaries and others, and (v) any fees and expenses, including but not limited to indemnification expenses, if any, incurred by the Paying Agent, the Bond Registrar or the Trustee in connection with the performance of their respective fiduciary responsibilities under the Bond Resolution, the Agreement or the County Guaranty, all to the extent not capitalized pursuant to the requirements of the Bond Resolution.

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

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

“Basic Rent” shall have the meaning assigned thereto in Section 4.1(a) hereof.

“Bond” or **“Bonds”** shall mean the Authority’s County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project) and any Additional Bonds issued pursuant to the Bond Resolution.

“Bond Resolution” shall mean the Authority’s County Guaranteed Lease Revenue Bond Resolution (Union County Administration Complex Project) adopted by the Authority on April 14, 2021, as it may be amended or supplemented from time to time.

“Cost” or **“Cost of the Project”** shall have the meaning ascribed thereto in the Bond Resolution.

“County” shall mean the County of Union, State of New Jersey, and any successor to its duties and functions.

“County Guaranty” shall mean the guaranty of the County adopted pursuant to N.J.S.A. 40:37A-80, securing the timely payment of the principal of and interest on the Bonds, as approved by resolution of the Board of County Commissioners of the County, as same may be amended from time to time.

“Debt Service Fund” shall mean the fund so designated and created pursuant to the Bond Resolution.

“Facilities” shall mean the Facility Site and the Improvements.

“Facility Site” shall mean the real property and existing buildings situated thereon, all as more particularly described in Appendix A to the Ground Lease.

“Ground Lease” shall mean that certain Ground Lease, dated as April 1, 2024, between the Lessee and the Authority, as the same may, from time to time, be amended or supplemented

“Improvements” shall have the meaning ascribed thereto in the recitals to this Agreement for use by the Lessee.

“Interest Payment Date” shall mean each April 15 and October 15, commencing, with respect to the Bonds, on October 15, 2024, except as otherwise set forth in a certificate of an Authorized Authority Representative, or such other dates as are set forth in Supplemental Resolutions adopted in connection with the issuance of any Series of Additional Bonds. In the event that an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day for interest accrued to the Interest Payment Date.

“Lease Term” shall mean the duration of the leasehold estate created in this Agreement as specified in Section 2.2 hereof.

“Lessee” shall mean County of Union, New Jersey, a public body corporate and politic.

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

- (i) Bonds cancelled by the Trustee at or prior to such date;
- (ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price (as such term is defined in the Bond Resolution) thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Bond Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as in Article IV of the Bond Resolution provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;
- (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III of the Bond Resolution or Section 407 or 1106 of the Bond Resolution; and
- (iv) Bonds deemed to have been paid as provided in subsection 2 or 3 of Section 1201 of the Bond Resolution.

“Permitted Encumbrances” shall mean and include:

- (a) undetermined liens and charges incident to maintenance, and liens and charges incident to maintenance now or hereafter filed on record which are being contested in good faith and have not proceeded to judgment provided that either the Authority or the Lessee shall have set aside adequate reserves with respect thereto;
- (b) the lien of taxes and assessments which are not delinquent;
- (c) the liens of taxes and assessments which are delinquent but the validity of which is being contested in good faith and with respect to which either the Authority or the

Lessee shall have set aside adequate reserves unless thereby any of the Facilities or the interest of the Authority may be in danger of being lost or forfeited;

(d) minor defects and irregularities in the title to the Facilities which do not in the aggregate materially impair the use of the Facilities for the purposes for which they are or may reasonably be expected to be held;

(e) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held;

(f) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Facilities which do not materially impair the use of the Facilities for the purposes for which it is or may reasonably be expected to be held;

(g) any obligations or duties affecting any portion of the Facilities of any municipality or governmental or other public authority with respect to any right, power, franchise, grant, license or permit;

(h) present or future valid zoning laws and ordinances;

(i) any encumbrances or liens existing as of the date of the execution and delivery of this Agreement; and

(j) this Agreement, the Ground Lease and the Bond Resolution.

“Plans and Specifications” shall mean the respective plans and specifications for a Project prepared by the Lessee pursuant to Section 3.1 of this Agreement.

“Principal Installment” shall mean, as of any date of calculation, (i) the principal amount of Bonds due on a certain future date for which no Sinking Fund Installments (as such term is defined in the Bond Resolution) have been established or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for the Bonds, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments.

“Principal Installment Date” shall mean any date on which any Principal Installment shall become due.

“Project” shall mean, collectively, the acquisition, construction, improvement, equipping or furnishing of one or more facilities or items of capital equipment for use by the Lessee in furtherance of its purposes, all as set forth in the Bond Resolution (with

respect to the Improvements) and in the Supplemental Resolutions (with respect to any other Project) adopted by the Authority from time to time.

“Project Fund” shall mean the fund so designated and created pursuant to the Bond Resolution.

“Rentals” shall mean the sum of Basic Rent and Additional Rent set forth in Section 4.1 hereof.

“State” shall mean the State of New Jersey and any successor to its duties and functions.

“Trustee” shall mean the bank, trust company or national banking association appointed Trustee pursuant to the Bond Resolution.

ARTICLE II

ACQUISITION OF FACILITIES

Section 2.1 Lease of Facilities. The Authority hereby agrees to lease to the Lessee, and the Lessee hereby agrees to take and hire from the Authority, the Facilities on the terms and conditions set forth in this Agreement.

Section 2.2 Term of Lease. The Lease Term for the Facilities shall commence on the date of issuance and delivery of the Bonds by the Authority and shall terminate on the first date upon which all Rentals due and owing hereunder have been paid in full and the Improvements shall have been conveyed by the Authority to the Lessee pursuant to Section 8.1 hereof, unless sooner terminated in accordance with the provisions of this Agreement.

Section 2.3 Acquisition of Facilities. The Authority, simultaneously with the execution hereof, shall obtain a leasehold interest in the Facility Site pursuant to the Ground Lease, free and clear of all liens, charges and encumbrances except for Permitted Encumbrances.

Section 2.4 No Merger. It is the express intention of the parties to this Agreement that there shall be no merger of this Agreement into the Ground Lease, and that neither this Agreement nor the Ground Lease be extinguished by virtue of the execution or delivery of this Agreement.

ARTICLE III

CONSTRUCTION OF FACILITIES AND ISSUANCE OF BONDS

Section 3.1 Construction of Facilities. The Lessee agrees that it will cooperate with the Authority to enable the Authority to prepare or to have prepared on its behalf the Plans and Specifications for the acquisition, construction and installation of any Project in accordance with the Plans and Specifications. The Lessee agrees that it will cooperate with the Authority to enable the Authority to cause such acquisition, construction and installation to be completed as soon as may be practicable, delays incident to strikes, riots, acts of God, the public enemy or any delay beyond its reasonable control only excepted; but if for any reason such acquisition, construction and installation is delayed there shall be no diminution in or postponement of the amounts payable under this Agreement by the Lessee.

The Authority shall be responsible for the letting of contracts for the design, acquisition, construction and installation of any Project, supervision of construction, acceptance of any completed Project or parts thereof, and all other matters incidental to performance of the duties and powers expressly granted herein to the Authority in connection with the acquisition, construction and installation of the Project.

Contracts in connection with the acquisition, construction and installation of each Project shall be let in accordance with applicable law. All such contracts shall have the same general form and content as construction contracts let by the Authority. However, the Lessee agrees that it shall require each contractor engaged in the acquisition, construction and installation of a Project to provide a performance bond in an amount equal to its contract price as security for the faithful performance of its contract and also a payment bond in an amount which is not less than the amount, if any, required by applicable state law as security for the payment of all persons performing labor or furnishing materials in connection with such contract. In lieu of furnishing such bonds, the contractor may secure the faithful performance of its contract and secure the payment of all persons performing labor or furnishing materials in connection with such contract by providing an irrevocable letter of credit from a reputable lending institution satisfactory to the Lessee in an amount equal to 100% of its contract price.

The Authority makes no warranties or representations and accepts no liabilities or responsibilities with respect to or for the adequacy, sufficiency or suitability of or defects in the Plans and Specifications or any contracts or agreements with respect to the acquisition, construction or installation of any Project.

Section 3.2 Issuance of Bonds. In order to provide funds for payment of the Cost of any Project, the Authority will use its best efforts to issue, sell and deliver the Bonds. The proceeds of the Bonds shall be applied as provided for in the Bond Resolution.

Section 3.3 Project Fund. The Authority has in the Bond Resolution authorized and directed the Trustee to make payments from the Project Fund to pay the Cost of any Project upon receipt of a requisition signed by an Authorized Authority Representative,

stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm, corporation or agency to whom payment is due or, in the case of a requisition for reimbursement to the Authority/Lessee, has been made, (3) the amount to be paid and (4) that each obligation, item of cost or expense mentioned therein has been properly incurred, is an item of Cost of the Project and is a proper charge against the Project Fund and has not been the basis of any previous withdrawal.

Section 3.4 Cooperation in Furnishing Documents. The Lessee agrees to cooperate with the Authority in furnishing to the Trustee any documents that are required to effect payments out of the Project Fund in accordance with Section 3.3 hereof. Such obligation is subject to any provisions of the Bond Resolution requiring additional documentation with respect to such payments and shall not extend beyond the moneys in the Project Fund available for payment under the terms of the Bond Resolution.

Section 3.5 Completion Date. The completion date of the acquisition, construction and installation of any Project shall be evidenced to the Trustee by a certificate or certificates of an Authorized Authority Representative, stating (i) that such acquisition, construction and installation has been completed in accordance with the Plans and Specifications applicable thereto, (ii) the date of such completion and (iii) the amount, if any, required, in the opinion of the signer or signers for the payment of any remaining part of the Cost of such Project. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist as of the date of such certificate or which may subsequently come into being. If, upon the completion of the acquisition, construction and installation of a Project, there shall be any surplus funds remaining in the Project Fund not required to provide for the payment of the Cost of the Project, such funds shall be applied as provided in the Bond Resolution.

Section 3.6 Default in Contractors' Performance. In the event of a default of any contractor or subcontractor under any contract made in connection with any Project, the Authority will promptly proceed, either separately or in conjunction with others, to exhaust the remedies of the Authority against the contractor or subcontractor so in default and against each surety for the performance of such contractor. The Authority agrees to advise the Lessee, in writing, of the steps it intends to take in connection with any such default. If the Authority shall so notify the Lessee, the Authority may, in good faith, in its own name, prosecute or defend any action or proceeding or take other action involving any such contractor, subcontractor or surety which the Authority deems reasonably necessary, and in such event the Lessee hereby agrees to cooperate fully with 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 Debt Service Fund, as shall be determined by the Authority at the direction of the Lessee.

Section 3.7 Investments. Any moneys held as part of the Project Fund and not required for immediate disbursement and withdrawal, shall be invested or reinvested by the Trustee in Investment Securities (as defined in the Bond Resolution) pursuant to written direction of an Authorized Lessee Representative, as provided in the Bond Resolution, upon the approval of an Authorized Authority Representative (which approval shall not be unreasonably withheld or delayed).

ARTICLE IV

RENTALS AND OTHER PAYMENTS

Section 4.1 Payment of Rentals. (a) The Lessee shall pay to the Authority, as Basic Rent for the Facilities, on the first day of the month in which there is an Interest Payment Date with respect to the Bonds, commencing October 1, 2024, the amount which, together with other moneys available therefor in the Project Fund or the Debt Service Fund, will equal the Aggregate Debt Service due on the next succeeding Interest Payment Date.

The Lessee shall have the option to make, from time to time, prepayments in whole or in part of payments due as aforesaid of Basic Rent, together with interest accrued and to accrue to the date of the purchase or redemption of the Bonds and premium, if any, to be paid on the Bonds, if such prepayment is to be used for the purchase or redemption of the Bonds. The Trustee shall apply such prepayments in such manner consistent with the provisions of the Bond Resolution as may be specified in writing by an Authorized Authority Representative at the time of making such prepayment; provided, that the Authorized Authority Representative shall specify that any such prepayment shall be applied to the redemption of Bonds unless at the time of such prepayment an Authorized Lessee Representative shall specify otherwise in writing to the Authority. The Lessee hereby acknowledges that the Bonds maturing prior to April 15, 2035 are not subject to optional redemption.

In the event that (i) any such partial prepayment is applied by the Trustee to the purchase or redemption of Bonds pursuant to the Bond Resolution or (ii) Bonds are presented and surrendered by the Lessee or the Authority to the Trustee for cancellation, the Lessee shall be entitled to a credit for the principal amount of such Bonds so purchased, redeemed or cancelled against the amount or amounts due under the provisions of this subsection (a) of this Section 4.1 to the extent such principal amount of Bonds is similarly credited pursuant to the Bond Resolution against payments required to be made to the Debt Service Fund.

(b) The Lessee shall pay to the Trustee, as the same shall become due and payable during the Lease Term as Additional Rent for the Facilities, such sum or sums of Authority Administrative Expenses as shall have been submitted by the Authority to an Authorized Lessee Representative, with a copy to the Trustee, not less than ten days prior to such due date; provided that, to the extent moneys (i) are on deposit in the General Reserve Fund established under the Bond Resolution, (ii) are sufficient to pay all or a portion of such expenses and (iii) are available for such purpose, the Authority shall apply such moneys to the payment of such Authority Administrative Expenses in lieu of submitting requests for Additional Rent in the amount so applied to an Authorized Lessee Representative.

(c) Any Rentals pursuant to this Section 4.1 which are not paid by the Lessee on or before the due date thereof shall, from and after said due date, bear interest (to the extent permitted by law) at the highest rate per annum borne by any of the Bonds of the

Authority until paid, time being of the absolute essence of this obligation. Any moneys owed by the Lessee pursuant to this paragraph shall constitute Additional Rent.

Section 4.2 Indemnification of Authority. Both during the Lease Term and thereafter, the Lessee shall indemnify and hold the Authority harmless against, and the Lessee shall pay any and all, liability, loss, cost, damage, claims, judgment or expense, of any and all kinds or nature and however arising, other than as a result of the gross negligence or willful misconduct of the Authority, its directors, officers, agents, servants or employees, imposed by law, which the Authority may sustain, be subject to or be caused to incur by reason of any claim, suit or action based upon personal injury, death, or damage to property, whether real, personal or mixed, or upon or arising out of contracts entered into by the Lessee relating to the Facilities, or arising out of the Authority's ownership of or leasehold interest in, as applicable, the Facilities or the leasing thereof to the Lessee, or out of the acquisition, construction or installation of the Improvements, pursuant to this Agreement. It is mutually agreed by the Lessee and the Authority that neither the Authority nor its directors, officers, agents, servants or employees shall be liable in any event for any action performed under this Agreement and that the Lessee shall save the Authority harmless from any claim or suit of whatsoever nature arising hereunder except for such claims or suits arising as a result of the Authority's gross negligence or willful misconduct.

The Lessee, at its own cost and expense, shall defend any and all such claims, suits and actions which may be brought or asserted against the Authority, its directors, officers, agents, servants or employees; but this provision shall not be deemed to relieve any insurance company which has issued a policy of insurance as may be provided for in this Agreement from its obligation to defend the Lessee, the Authority and any other insured named in such policy of insurance in connection with claims, suits or actions covered by such policy.

The Authority agrees that it:

- (i) shall give the Lessee prompt notice in writing of the filing of each such claim and the institution of each such suit or action;
- (ii) shall not adjust, settle or compromise any such claim, suit or action; and
- (iii) shall permit the Lessee to assume full control of the adjustment, settlement, compromise or defense of each such claim, suit or action.

Any cost for attorneys' fees in situations where it is necessary for the Authority to engage its own attorneys, experts' testimony costs and all costs to defend the Authority or any of its directors, officers, agents, servants, or employees with respect to matters arising hereunder shall be paid to it by the Lessee as an Authority Administrative Expense constituting Additional Rent.

Section 4.3 Nature of Obligations of the Lessee. The obligation of the Lessee to pay Rentals and to pay all other amounts provided for in this Agreement and to perform its obligations under this Agreement shall be absolute and unconditional and a general obligation of the Lessee and if not paid from other sources, such Rentals and other amounts

payable hereunder shall be payable from tax revenue collected pursuant to the unlimited *ad valorem* taxing power of the Lessee. Such Rentals and other amounts shall be payable without any rights of set-off, recoupment or counterclaim it might have against the Authority, the Trustee or any other person and whether or not the Facilities are used or occupied by the Lessee or available for use or occupancy by the Lessee. If the Lessee is not in default under this Agreement and if the Lessee shall have paid all amounts required by this Agreement as of such date and shall have performed all its obligations under this Agreement as of such date as provided in the preceding sentence and continues to pay and perform, it shall not be precluded from bringing any action it may otherwise have against the Authority.

The Lessee will not terminate this Agreement (other than such termination as is provided for hereunder) or be excused from performing its obligations hereunder or be entitled to any abatement of its obligation to pay Rentals or any other amounts hereunder for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title, or frustration of purpose, or any damage to or destruction of the Facilities, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Facilities, or the failure of the Authority to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

The Lessee shall make the appropriation for the full payment due under this Agreement for each such Lessee fiscal year as a specific line item appropriation in each annual budget and an Authorized Lessee Representative or the Chief Financial Officer of the Lessee shall certify to the Trustee that such appropriation is included in each such temporary or annual budget as adopted, and in the case of each annual budget, as filed with the Director of the Division of Local Government Services, New Jersey Department of Community Affairs (the "Division") and to attach to such certification the extract of said budget reflecting such line item appropriation, such certification to be received by the Trustee within five (5) Business Days of such budget adoption or filing. The Lessee shall further provide written notice to the Authority, and the Trustee if applicable, of any revision of or transfer from the line item appropriation described above within five (5) Business Days of such revision or transfer.

Section 4.4 Nature of Obligations of the Authority. The cost and expense of the performance by the Authority of any of its obligations under this Agreement shall be limited to the availability of the proceeds of Bonds of the Authority issued for such purposes or from other funds received by the Authority under this Agreement and available for such purposes.

Section 4.5 Assignment of Agreement by Authority. It is understood that all of the Authority's rights to receive Rentals under this Agreement (except its right to payments pursuant to Section 4.2 hereof) are to be assigned by the Authority to the Trustee pursuant to the Bond Resolution for the benefit of the Bondholders.

The Lessee agrees to pay to the Trustee at its principal corporate trust office all Rentals payable by the Lessee to the Authority pursuant to this Agreement (except payments to the Authority pursuant to Section 4.2 hereof). Except as provided in this Section 4.5 or in the Bond Resolution, the Authority shall not assign this Agreement or any payments under this Agreement. Except as provided in Section 6.7 or 8.1 of this Agreement, the Authority shall not sell, assign or otherwise encumber its interest in the Facilities.

ARTICLE V

OPERATION AND MAINTENANCE; INSURANCE; DAMAGE; DESTRUCTION AND CONDEMNATION

Section 5.1 Operation, Maintenance and Repair. During the Lease Term, the Lessee shall be responsible for, and pay all costs of, operating the Facilities; maintaining the same in good condition; and making all necessary repairs and replacements, interior and exterior, structural and non-structural.

Section 5.2 Utilities, Taxes and Governmental Charges. The Lessee will pay or cause to be paid all charges for water, electricity, light, heat or power, sewage, telephone and other utility service, rendered or supplied upon or in connection with the Facilities during the Lease Term.

In addition, the Lessee shall (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any Federal, state or any municipal government upon the Authority or the Lessee with respect to or upon the Facilities or any part thereof or upon any payments hereunder when the same shall become due; (b) duly observe and comply with all valid requirements of any governmental authority relative to the Facilities; (c) not create or suffer to be created any lien or charge upon the Facilities or any part thereof, except Permitted Encumbrances, or upon the payments in respect thereof pursuant to this Agreement; and (d) pay or cause to be discharged or make adequate provision to satisfy and discharge, within sixty (60) days after the same shall come into force, any lien or charge upon the Facilities or any part thereof, except Permitted Encumbrances, or upon any payments hereunder and all lawful claims or demands for labor, materials, supplies or other charges which, if unpaid, might be or become a lien upon any payments hereunder.

The Authority shall cooperate fully with the Lessee in the payment of taxes or assessments and in the handling and conduct of any prospective or pending litigation with respect to the levying of taxes or assessments on the Facilities and will, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the Authority.

Section 5.3 Additions, Enlargements and Improvements. The Lessee shall have the right at any time and from time to time during the Lease Term, at its own cost and expense, to make such additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, the Facilities as the Lessee shall deem necessary or desirable, as may in the Lessee's judgment be necessary for its purposes, in connection with the use of the Facilities; provided however, that prior to making any such additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of the Facilities, the Lessee shall obtain all necessary permits and approvals relating to same. All such additions, enlargements, improvements, expansions, repairs, reconstruction and restorations when completed shall be of such character as not to reduce or otherwise adversely affect the operation and/or maintenance of the Facilities. The cost of any such

additions, enlargements, improvements, expansions, repairs, reconstruction or restorations shall be promptly paid or discharged so that the Facilities shall at all times be free of liens for labor and materials supplied thereto other than Permitted Encumbrances. All such additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, the Facilities shall not be and shall not become a part of the Facilities and shall remain the property of the Lessee.

Section 5.4 Additional Rights of the Lessee. The Authority agrees that the Lessee shall have the right, option and privilege of erecting, installing and maintaining at its own cost and expense such equipment in or upon the Facilities as may in the Lessee's judgment be necessary for its purposes. It is further understood and agreed that anything erected or installed under the provisions of this Section shall be and remain the personal property of the Lessee and shall not become part of the Facilities, and may be removed, altered or otherwise changed, upon or before the termination of this Agreement.

Section 5.5 Insurance. (a) During the Lease Term, the Lessee shall maintain for its own benefit such commercial insurance as it deems reasonable in order to protect its interest in the Facilities and for the benefit of the Authority such commercial insurance as shall fully protect the Authority from general public liability arising from its leasehold interest in the Facilities. All insurance policies obtained by the Lessee under this Agreement shall be open to inspection by the Authority and the Trustee at all reasonable times. If any change shall be made in any such insurance, a description and notice of such change shall be furnished by the Lessee to the Authority and the Trustee at the time of such change. Notwithstanding any of the foregoing provisions of this Section, the Lessee shall not be required to obtain or maintain any class or type of insurance required by this Agreement for which it is authorized and able to obtain and maintain an appropriate substitute arrangement, including but not limited to self insurance, under which the Authority would be fully protected from general public liability arising from its leasehold interest in the Facilities.

(b) The Lessee agrees to hold the Authority and the Trustee harmless for any loss to property resulting from any act of negligence by the Lessee or third party that results in a loss or losses which is or are insured under the foregoing insurance coverages.

Section 5.6 Condemnation, Damage or Destruction. The Lessee agrees to notify the Authority and the Trustee in writing immediately in the case of the condemnation of, damage to or destruction of the Facilities or any portion thereof. The Authority agrees that the net proceeds of any condemnation award or any insurance relating to such damage or destruction shall be paid directly to the Lessee. No such condemnation, damage or destruction shall relieve the Lessee of its obligations to pay Rentals hereunder.

Section 5.7 Net Lease. This Agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the Rentals and all other payments required under this Agreement, free of all deductions, without abatement, diminution and set-off.

ARTICLE VI

SPECIAL COVENANTS

Section 6.1 Lessee's Right to Possession. Except as otherwise provided herein, the Lessee shall be in sole possession of the Facilities during the Lease Term.

Section 6.2 Quiet Enjoyment. The Authority covenants and agrees with the Lessee that so long as the Lessee is not in default in (i) the payment of the Rentals and the other payments required under this Agreement and (ii) the observation and performance of all the terms, covenants, and conditions on the Lessee's part to be observed and performed hereunder, the Lessee may peaceably and quietly have, hold and enjoy the Facilities. The Authority further covenants and agrees with the Lessee that so long as the Lessee is not in default of any of the terms, covenants and conditions of this Agreement, the Authority will not interfere in the decision-making of the Lessee with respect to the administration, management, operation or maintenance of the Facilities.

The Lessee covenants and agrees with the Authority that the Authority may peaceably and quietly have, hold and enjoy any interest in the Facilities that the Lessee may grant the Authority.

Section 6.3 Compliance with Laws and Regulations. The Lessee will, at its own cost and expense, promptly comply with, or cause to be complied with, all laws, rules, regulations and other governmental requirements, whether or not the same require structural repairs or alterations, which may be applicable to the Lessee and the Facilities or the use or manner of use of the Facilities provided that the Lessee shall not be required to so comply during the period when the need to so comply is being contested in good faith and by proper proceedings. The Lessee will also observe and comply with the requirements of all policies and arrangements of insurance at any time in force with respect to the Facilities provided that the Lessee shall not be required to so comply during the period when the need to so comply is being contested in good faith and by proper proceedings.

Section 6.4 Covenant Against Waste. The Lessee covenants not to do or suffer or permit to exist any waste, damage, disfigurement or injury to, or public or private nuisance upon, the Facilities.

Section 6.5 Right of Inspection. The Lessee covenants and agrees to permit the Authority and the authorized agents and representatives of the Authority to enter the Facilities at all reasonable times during usual business hours for the purpose of inspecting the same upon not less than twenty-four (24) hours prior notice from the Authority. The Authority and the authorized agents and representative of the Authority shall not interfere with the operations at the Facilities during any such inspection.

Section 6.6 Condition of Premises. Immediately upon the availability of any part of the Facilities for use by the Lessee, the Lessee shall become thoroughly familiar with the physical condition of such part of the Facilities. The Authority makes no

representations whatever in connection with the condition of the Facilities, and the Authority shall not be liable for any defects therein.

Section 6.7 Assignment and Sale by Lessee. The Lessee will not sell, sublease or otherwise dispose of or encumber its interest in the Facilities without the consent of the Authority (which consent shall not be unreasonably withheld) and the receipt by the Authority of an opinion of Bond Counsel to the Authority that such sale, sublease, other disposition or encumbrance will not adversely affect the exclusion from federal income taxes of the interest on the Bonds then outstanding. This Agreement may be assigned in whole or in part by the Lessee upon written consent of the Authority (which consent shall not be unreasonably withheld) but no assignment shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment the Lessee shall continue to remain primarily liable for the payments specified in this Agreement and for performance and observance of the other agreements on its part herein provided.

Section 6.8 Cooperation by Lessee. The Lessee by notice in writing by an Authorized Lessee Representative shall keep the Authority informed of anticipated needs for money to pay the Cost of the Project and the Lessee shall give the Authority its full cooperation and assistance in all matters relating to financing of the Cost of the Project.

The Lessee agrees that, whenever requested by the Authority, it shall provide and certify, or cause to be provided and certified, in form satisfactory to the Authority, such information concerning the Lessee and the Facilities, the operations and finances of the Lessee and such other matters that the Authority considers necessary to enable it to complete and publish an official statement or other similar document relating to the sale of Bonds, or to enable the Authority to make any reports required by law or governmental regulations in connection with any of the Bonds.

Section 6.9 Consultation with Authorized Lessee Representative. The Authority agrees to consult with the Authorized Lessee Representative on the terms and timing of proposed sales of all Bonds and the contents of all resolutions, certificates, applications, contracts, official statements, notices of sale, advertisements, and other documents relating thereto .

Section 6.10 Compliance with Laws. The parties to this Agreement agree to comply with all laws of the State applicable to the performance of this Agreement

Section 6.11 Covenant Not to Affect the Tax Exempt Status of the Bonds. The Lessee covenants and agrees that it shall not take any action or omit to take any action which would result in the loss of the exclusion of the interest on any Bonds from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Internal Revenue Code of 1986 (as the same may be amended from time to time, the "Code") but only to the extent that the Authority intended at the time of the original issuance of such Bonds that the interest thereon be so excludable from gross income for purposes of federal income taxation.

(a) Unless the Lessee receives the prior written approval of the Authority, the Lessee shall neither (A) permit any of either (x) the proceeds (such term shall have the same meaning as when used in Section 141(a) of the Code) of the Bonds paid to the Lessee for the Facilities or (y) the Facilities financed (or refinanced) with the proceeds of the Bonds paid to the Lessee, to be used (directly or indirectly) in any manner that would constitute “private business use” within the meaning of Section 141(b)(6) of the Code, nor (B) use (directly or indirectly) any of the proceeds of the Bonds paid to the Lessee, to make or finance loans to persons other than governmental units (as such term is used in Section 141(c) of the Code).

(b) Neither the Lessee nor any of its governing body shall, pursuant to any arrangement, formal or informal, purchase Bonds in an amount related to the amount of the Lessee’s Rental payment for the Facilities.

Section 6.12 Representations and Warranties of Lessee. The Lessee represents and warrants as follows:

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

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

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

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

(e) Only with respect to the information relating to the Lessee, the Facilities, this Agreement, the Ground Lease and the Bond Resolution contained in the Official

Statement issued with respect to the Bonds (the “Official Statement”), the Official Statement is, and any supplement or amendment thereto shall be, accurate in all material respects for the purposes for which its use is, was, or shall be, authorized, and the Official Statement does not, and any such supplement or amendment shall not, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they are or were made, not misleading.

(f) The Lessee is not a party to any indenture, loan or credit agreement or any other agreement, resolution, contract, instrument, pension plan, pension trust, employee benefit or welfare plan, or subject to any restriction which may reasonably be expected to have an adverse effect on its properties, assets, operations or conditions, financial or otherwise, or on its ability to carry out its obligations under this Agreement.

Section 6.13 Affirmative Covenants. So long as any Bonds remain Outstanding, the Lessee will, unless the Authority shall otherwise consent in writing, which consent shall not be unreasonably withheld:

(a) Conduct its affairs and operations so as to provide, together with its general funds and any other moneys legally available to it, shall provide, moneys sufficient at all times to pay the Rentals due hereunder and all other obligations of the Lessee as the same shall become due and payable.

(b) Pay its debts and perform its obligations promptly and in accordance with normal terms and pay all lawful claims which, if unpaid, might become liens or charges upon the Rentals paid hereunder, provided that the Lessee shall not be required to pay any such claim during the period when such claim is being contested in good faith and by proper proceedings, and adequate reserves for the accrual of any of the same are maintained, if required by generally accepted accounting principles.

(c) Comply with the requirements of all applicable laws, rules, regulations, ordinances and orders of any governmental authority, non-compliance with which would reasonably be expected to materially adversely affect its operations or credit, provided that the Lessee shall not be required to so comply during the period when the need to so comply is being contested in good faith and by proper proceedings.

(d) Maintain and preserve or cause to be maintained and preserved all of the Facilities in good working order and condition.

(e) Maintain and keep in effect or cause to be maintained and kept in effect any licenses, permits and similar documents necessary in the proper-conduct of its operations at or related to the Facilities.

(f) Continuously maintain personnel, whether an employee or independent contractor, with the skills and resources necessary to administer the Facilities.

(g) Furnish to the Authority and the Trustee the following:

(1) as soon as possible, and in any event, within five days after the occurrence of each event of default hereunder within the knowledge of the Lessee or each event within the knowledge of the Lessee which, with the giving of notice or elapse of time, or both, would constitute an event of default hereunder, a statement of an Authorized Lessee Representative setting forth details of such event of default or event and the action which the Lessee proposes to take with respect thereto;

(2) as soon as available and in any event within thirty days after the end of each fiscal year of the Lessee, a certificate of an officer of the Lessee stating that no event of default hereunder within the knowledge of the Lessee or event within the knowledge of the Lessee which, with notice or elapse of time, or both, would constitute an event of default, has occurred and is continuing or, if an event of default or such event has occurred and is continuing, a statement as to the nature thereof and the action which the Lessee proposes to take with respect thereto; and

(3) promptly after the commencement thereof, and in any event within five Business Days after the filing thereof, notice of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Lessee or any of its properties directly or contingently, which, if determined adversely to the Lessee would have a material adverse effect on the financial condition, properties or operations of the Lessee.

Section 6.14 Third Party Beneficiaries. The Lessee agrees that the covenants, representations and warranties set forth herein are for the benefit of the Authority and the Trustee.

Section 6.15 Right to Release. The Lessee has the right, at any time and from time to time, to request the release of any part of the Facility Site from this Agreement if no part of the Improvements is located thereon, provided that it furnishes the Authority with a notice in writing containing an adequate description of that portion of the Facility Site being released and a certificate of an Authorized Lessee Representative stating that, in the opinion of the person signing such certificate, (i) no part of the Improvements is located on such portion of the Facility Site and (ii) the release will not impair the rights of the Authority intended to be created hereunder with respect to the Facilities. The Authority agrees that upon receipt of the notice and certificate required in this Section, it will promptly deliver a release with respect to such portion of the Facility Site.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. An “event of default” or a “default” shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Lessee to pay or cause to be paid when due the payments to be paid under Section 4.1(a) hereof;

(b) Failure by the Lessee to pay when due any payment to be made under this Agreement other than payments under Section 4.1(a) hereof which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Lessee by the Authority or the Trustee; or

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

The foregoing provisions of subsection (c) of this Section 7.1 are subject to the following limitations: If by reason of acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the Government of the United States or of the State or any department, agency, political subdivision or official of either of them, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes, blizzards, or other storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery; partial or entire failure of utilities; or any cause or event not reasonably within the control of the Lessee, the Lessee is unable in whole or in part to carry out its agreements herein contained, the Lessee shall not be deemed in default during the continuance of such inability. The Lessee agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other disturbances by acceding to the demands of opposing party or parties when such course is in the judgment of the Lessee unfavorable to the Lessee.

Section 7.2 Remedies. Whenever any event of default referred to in Section 7.1 hereof shall have happened and be subsisting, provided that written notice of the default has been given to the Lessee by the Authority or by the Trustee and the default has not

been cured, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Bond Resolution or, if the Bond Resolution has been discharged, to the Lessee.

Section 7.3 Reinstatement. Notwithstanding any termination of this Agreement in accordance with the provisions of Section 7.2 hereof, if, after the maturity of the Outstanding Bonds shall have been accelerated by the Trustee upon occurrence of an event of default under the Bond Resolution, all arrears of interest on such Outstanding Bonds and interest on overdue installments of principal of, 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, and the principal of and premium (if any) on all Bonds then Outstanding which have become due and payable otherwise than by acceleration, and all other sums payable under the Bond Resolution, as the case may be, except the principal of and the interest on such Bonds which by such acceleration shall have become due and payable, shall have been paid, all other things shall have been performed in respect of which there was a default and there shall have been paid the reasonable fees and expenses, including Authority Administrative Expenses, of the Trustee and the holders of such Bonds (including reasonable attorneys' fees paid or incurred) and such acceleration under the Bond Resolution is rescinded, then the Lessee's default hereunder shall be waived without further action by the Trustee or the Authority. Upon such payment and waiver, this Agreement shall be fully reinstated as if it had never been terminated, and the Lessee shall be restored to the use, occupancy and possession of the Facilities.

Section 7.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VIII

CONVEYANCE OF FACILITIES TO LESSEE

Section 8.1 Conveyance upon Expiration of Lease Term. When the Lease Term has expired and the Trustee certifies to the Authority that all of the Basic Rent and all other obligations incurred and to be incurred by the Authority in connection with the Facilities and under the Bond Resolution and this Agreement have been paid in full or provision has been made for such payment in accordance with the Bond Resolution, the Authority shall transfer, convey, release, assign and set over to the Lessee all of the Authority's right, title and interest in and to the Improvements by a good and sufficient quit-claim deed and such other legal instruments as may be required therefor. The Lessee shall bear all costs and expenses in connection with the preparation of the documents of conveyance and the delivery thereof and all fees, assessments, taxes and charges payable in connection with the conveyance of title to the Improvements. Upon conveyance of title and payment therefor as aforesaid, this Agreement shall cease and terminate and all obligations of the Lessee under this Agreement, except under Section 4.2 of this Agreement pertaining to indemnification, shall be terminated and extinguished.

The Authority shall surrender possession of the Facility Site upon the expiration of the Lease Term to the Lessee in accordance with the Ground Lease.

Section 8.2 Option to Prepay Rentals Prior to Expiration of Lease. The Lessee shall have and may exercise, at any time prior to the expiration of the Lease Term if the Lessee shall have cured any and all defaults under this Agreement, the option to prepay Rentals due or to become due hereunder upon payment to the Authority of the amount as provided in Section 8.3 of this Agreement. The Lessee may exercise such option by giving written notice thereof to the Authority at least sixty (60) days, or such lesser period as shall be agreed to by the Authority, before the date that the prepayment is to be consummated.

The prepayment under Section 8.3 of this Agreement shall be paid on a date of settlement and at a place to be mutually agreed upon by the Authority and the Lessee. Upon the payment thereof, the Authority shall contemporaneously convey to the Lessee all of the Authority's right, title and interest in and to the Improvements by a good and sufficient quit-claim deed and such other legal instruments required therefor. The Lessee shall bear all costs and expenses in connection with the preparation of the documents of conveyance and the delivery thereof and all fees, assessments, taxes and charges payable in connection with the conveyance of title to the Improvements. Upon conveyance of title and payment therefor as aforesaid, this Agreement shall cease and terminate, the Authority shall surrender possession of the Facility Site to the Lessee in accordance with the Ground Lease and all obligations of the Lessee under this Agreement, except under Section 4.2 of this Agreement pertaining to indemnification, shall be terminated and extinguished.

Section 8.3 Prepayment Amount. The prepayment amount payable pursuant to Section 8.2 of this Agreement shall be the sum of Ten Dollars (\$10.00) plus such additional amount, if any, which, with all other funds available therefor, will be sufficient to provide for payment in full of all Basic Rent and all other obligations incurred and to be incurred

by the Authority in connection with the Facilities and under the Bond Resolution and this Agreement. Such payment in full of the Basic Rent shall include the principal of all the Bonds allocable to the principal component of the Basic Rent, the redemption premium, if any, and all interest accrued and to accrue on such Bonds to their earliest redemption date or their maturity date, whichever is earlier, and any expenses in connection with such payment in full.

The obligation to make payments required by this Section 8.3 shall be satisfied in the same manner as the Bond Resolution may be discharged pursuant to Section 1201 of the Bond Resolution.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Surrender of Possession. Except as otherwise expressly provided in this Agreement and except in the event of conveyance of the Facilities the Lessee, at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Facilities peacefully and promptly to the Authority in as good condition as at the commencement of the Lease Term, loss by fire or other casualty covered by insurance, condemnation and ordinary wear, tear and obsolescence only excepted.

In the event of any surrender of possession of the Facilities by the Lessee upon the expiration or sooner termination of the Lease Term, the Lessee agrees to cooperate in the provision, upon reasonable terms, of electric, heat and other utilities to the Authority for use at the Facilities. It is the intent of the parties hereto that the covenant contained in the preceding sentence shall survive the expiration or sooner termination of the Lease Term upon any surrender of possession of the Facilities by the Lessee.

Section 9.2 Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Lessee, the Authority and their respective successors and assigns.

Section 9.3 Severability. In the event any provision of this 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 9.4 Amendments, Changes and Modifications. Except as otherwise provided in this Agreement or in the Bond Resolution, subsequent to the issuance of the Bonds and prior to payment or provision for the payment of all Basic Rent in full and any other obligations incurred by the Authority to pay the Cost of the Project, including interest, premiums and other charges, if any, thereon, and payment or provision for the payment of Authority Administrative Expenses, this Agreement may not be amended, changed, modified, altered or terminated so as adversely to affect the interests of the holders of the Bonds without the prior written consent of the holders of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified 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, provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of the Outstanding Bonds the consent of the holders of which is required for any such amendment, change, modification, alteration or termination or decrease the amount of any payment required to be made under this Agreement or extend the time of payment thereof. This Agreement may be amended, changed, modified and altered without the consent of the holders of Bonds, to cure any ambiguity, correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, to provide for additions to or deletions from the

Facilities provided that such additions or deletions shall not impair the purposes for which the Facilities are used, or to provide other changes which will not adversely affect the interest of such holders. No amendment, change, modification, alteration or termination of this Agreement shall be made other than pursuant to a written instrument signed by the Authority and the Lessee and consented to in writing by the Trustee in accordance with the Bond Resolution.

For all purposes of this Section, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee with respect to the extent, if any, as to which any action adversely affects the interests of any holders of Bonds then outstanding.

Section 9.5 Amounts Remaining under Bond Resolution. It is agreed by the parties hereto that any amounts released to the Authority pursuant to Section 1202 of the Bond Resolution or remaining in any fund or account created under the Bond Resolution, upon expiration or sooner termination of the Lease Term, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Resolution) and the fees, charges and expenses of the Trustee and Paying Agents and the Authority in accordance with the Bond Resolution, shall be paid to the Lessee.

Section 9.6 Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.7 Notices and Demands. All notices, demands or other communications provided for in this Agreement shall be in writing and shall be delivered personally, or sent by certified or registered mail, to (i) the Lessee at County Administration Building, 10 Elizabethtown Plaza, Elizabeth, New Jersey 07207, Attn: Director/County Treasurer with a copy to Rogut McCarthy LLC, 37 Alden Street, Cranford, New Jersey 07016 Attn: Steven L. Rogut, Esq., (ii) the Authority at County Administration Building, 10 Elizabethtown Plaza, Elizabeth, New Jersey 07207, Attn: Executive Director, and (iii) the Trustee at Manufactures and Traders Trust Company, 99 Wood Avenue South, Iselin, New Jersey 08830, Attn: Corporate Trust Department, or to such other representatives or addresses as the Authority, the Lessee or the Trustee may from time to time designate by written notice to the parties hereto or beneficiaries hereof.

Section 9.8 Headings. The Article and section headings in this Agreement are inserted for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

Section 9.9 Non-Waiver. It is understood and agreed that nothing contained in this Agreement shall be construed as a waiver on the part of the parties, or any of them, of any right not explicitly waived in this Agreement.

Section 9.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

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

THE UNION COUNTY
IMPROVEMENT AUTHORITY

Christopher Kolibas
Chairperson

COUNTY OF UNION

Name: Dr. Bibi Taylor
Title: Director of Finance/County Treasurer

CONTINUING DISCLOSURE AGREEMENT

By and Between

Union County Improvement Authority

and

Phoenix Advisors, LLC,

as dissemination agent for

\$109,645,000

Union County Improvement Authority

**County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration
Complex Project)**

THIS CONTINUING DISCLOSURE AGREEMENT (the “Agreement”), dated as of April 1, 2024 by and between the Union County Improvement Authority (the “Authority”) and Phoenix Advisors, LLC, as dissemination agent (the “Dissemination Agent”) for the County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project) (the “Bonds”) issued by the Authority.

WITNESSETH

WHEREAS, the Authority issued Bonds on April 25, 2024 under and pursuant to Chapter 37A of Title 40 of the New Jersey Statutes and the Authority’s resolution adopted on April 14, 2021, entitled “The Union County Improvement Authority County Guaranteed Lease Revenue Bond Resolution (Union County Administration Complex Project), as amended and supplemented by a Certificate of Chairman” (the “General Bond Resolution”), as amended and supplemented by a Certificate of Chairman Awarding Bonds dated April 11, 2024 (collectively, the “Bond Resolution”); and

WHEREAS, on November 10, 1994 the United States Securities and Exchange Commission (the “Commission”) adopted its Release Number 34-34961, which amended Rule 15c2-12 (as hereinafter defined) originally adopted by the Commission on June 28, 1989; and

WHEREAS, Rule 15c2-12 provides that it is unlawful for any broker, dealer or municipal securities dealer (hereinafter, a “Participating Underwriter”) to act as an underwriter for the Bonds unless the Participating Underwriter complies with the requirements of Rule 15c2-12 or is exempted from its provisions; and

WHEREAS, Rule 15c2-12 requires, among other things, that a Participating Underwriter shall not purchase or sell the Bonds unless the Participating Underwriter has reasonably determined that the Authority, as issuer of the Bonds, or an “obligated person” (within the meaning of Rule 15c2-12) has undertaken, in a written agreement for the benefit of the Bondholders (as hereinafter defined), to provide certain information relating to the Bonds; and

WHEREAS, the Authority has determined to cause the delivery of the information described in this Agreement to the municipal securities marketplace for the period of time specified in this Agreement; and

WHEREAS, the Dissemination Agent and the Authority are entering into this Agreement for the benefit of Bondholders;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority and the Dissemination Agent agree as follows:

Section 1. Definitions. Capitalized terms used herein and not otherwise defined in this Section 1 have the meanings given to such terms in the preambles to this Agreement. In addition, the following words shall have the following meanings for all purposes of this Agreement:

“Bondholder” shall mean any registered owner of Bonds and any beneficial owner of Bonds within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Event of Default” shall have the meaning set forth in Section 801 of the Bond Resolution.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Official Statement” shall mean the Official Statement of the Authority dated April 11, 2024 relating to the Bonds.

“Rule 15c2-12” shall mean Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies.

Section 2. Obligation to Provide Continuing Disclosure.

(i) The Authority hereby undertakes for the benefit of the Bondholders to provide or cause to be provided either directly (with a copy to the Dissemination Agent) or through the Dissemination Agent to the MSRB, in a timely manner not in excess of nine business days following the occurrence of any of the Notice Events (hereinafter defined), notice of any of the following events with respect to the Bonds (each, a “Notice Event”):

- (1) principal and interest 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of Bondholders; if material;
- (8) Bond calls, 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) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(ii) The Dissemination Agent shall provide notice of each such Notice Event to the MSRB within one (1) business day after receipt by the Dissemination Agent of such notice from the Authority.

(iii) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Agreement. The Dissemination Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Authority, apart from the relationship created by Rule 15c2-12, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Authority. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Bondholders or any other party.

Section 3. Remedies.

If the Authority shall fail to comply with any provision of this Agreement, then the Dissemination Agent or any Bondholder may enforce, for the equal benefit and protection of all Bondholders similarly situated, by mandamus or other suit or proceeding at law or in equity, the provisions of this Agreement against the Authority and any of the officers, agents and employees of the Authority and may compel the Authority or any such officers, agents or employees to perform and carry out their duties under this Agreement; provided that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of the Authority hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Agreement shall not in any manner constitute an Event of Default.

Section 4. Parties in Interest.

This Agreement is executed and delivered solely for the benefit of the Bondholders. No other person, other than the Dissemination Agent, shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments.

Without the consent of any Bondholders, the Authority and the Dissemination Agent at any time and from time to time may enter into any amendments or modifications to this Agreement for any of the following purposes:

- (i) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional) which are applicable to the Bonds;
- (ii) to add a dissemination agent for the information required to be provided by the Authority hereunder and to make any necessary or desirable amendments or modifications in connection therewith;
- (iii) to evidence the succession of another person or entity to the Authority and the assumption by any such successor of the covenants and agreements of the Authority hereunder; or
- (iv) to add to the covenants and agreements of the Authority hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Authority by this Agreement.

Section 6. Termination.

This Agreement shall remain in full force and effect until such time as the principal of and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased pursuant to the Bond Resolution. Upon any such legal defeasance, the Authority shall provide notice of such defeasance to the MSRB.

Section 7. The Dissemination Agent.

The Authority shall indemnify and hold harmless the Dissemination Agent in connection with this Agreement to the same extent as the Trustee as provided for by the Authority in the Bond Resolution for matters arising thereunder.

Section 8. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey without regard to principles of conflict of laws.

Section 9. Counterparts.

This Agreement may be executed in one or more counterparts, and when the Authority and the Dissemination Agent have each executed and delivered at least one counterpart, this Agreement shall become binding on the Authority and the Dissemination Agent and such counterparts shall be deemed to be one and the same document.

Section 10. Severability.

In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, (i) the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, and (ii) the Authority and the Dissemination Agent shall engage in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid legal and enforceable provisions the effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 11. Headings.

The headings of the sections of this Agreement are for convenience of reference only and shall not affect the meaning or construction of any provision of this Agreement.

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IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Agreement as of the date first above written.

PHOENIX ADVISORS, LLC,
as Dissemination Agent

UNION COUNTY
IMPROVEMENT AUTHORITY

By: _____

By: _____
Christopher Kolibas
Chairman

CONTINUING DISCLOSURE AGREEMENT

By and Between

The County of Union, New Jersey

and

**Phoenix Advisors, LLC,
as dissemination agent for**

Union County Improvement Authority

**\$109,645,000
County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration
Complex Project)**

THIS CONTINUING DISCLOSURE AGREEMENT (the “Agreement”), dated as of April 1, 2024, by and between the County of Union, New Jersey (the “County”) and Phoenix Advisors, LLC, as dissemination agent (the “Dissemination Agent”) for the County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project) (the “Bonds”) issued by the Union County Improvement Authority (the “Authority”).

W I T N E S S E T H

WHEREAS, the Authority issued the Bonds on April 25, 2024 under and pursuant to Chapter 37A of Title 40 of the New Jersey Statutes and a resolution of the Authority adopted on April 14, 2021, entitled “The Union County Improvement Authority County Guaranteed Lease Revenue Bond Resolution (Union County Administration Complex Project)), as amended and supplemented by a Certificate of Chairman” (the “General Bond Resolution”), as amended and supplemented by a Certificate of Chairman Awarding Bonds dated April 11, 2024 (collectively, the “Bond Resolution”); and

WHEREAS, on November 10, 1994 the United States Securities and Exchange Commission (the “Commission”) adopted its Release Number 34-34961, which amended Rule 15c2-12 (as hereinafter defined) originally adopted by the Commission on June 28, 1989; and

WHEREAS, Rule 15c2-12 provides that it is unlawful for any broker, dealer or municipal securities dealer (hereinafter, a “Participating Underwriter”) to act as an underwriter for the Bonds unless the Participating Underwriter complies with the requirements of Rule 15c2-12 or is exempted from its provisions; and

WHEREAS, Rule 15c2-12 requires, among other things, that a Participating Underwriter shall not purchase or sell the Bonds unless the Participating Underwriter has reasonably determined that an “obligated person” (within the meaning of Rule 15c2-12) has undertaken, in a written agreement for the benefit of the Bondholders (as hereinafter defined), to provide certain information relating to such “obligated person”; and

WHEREAS, the Authority has determined that the County is an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12 and is therefore required to cause the delivery of the information described in this Agreement to the municipal securities marketplace for the period of time specified in this Agreement; and

WHEREAS, the Dissemination Agent and the County are entering into this Agreement for the benefit of Bondholders;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the County and the Dissemination Agent agree as follows:

Section 1. Definitions. Capitalized terms used herein and not otherwise defined in this Section 1 have the meanings given to such terms in the preambles to this Agreement. In addition, the following words shall have the following meanings for all purposes of this Agreement:

“Annual Information” shall mean the information specified in Section 3 hereof.

“Bondholder” shall mean any registered owner of Bonds and any beneficial owner of Bonds within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Event of Default” shall have the meaning set forth in Section 801 of the Bond Resolution.

“GAAS” shall mean generally accepted auditing standards as in effect from time to time in the United States of America.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Official Statement” shall mean the Official Statement of the Authority dated April 11, 2024 relating to the Bonds.

“Rule 15c2-12” shall mean Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies.

Section 2. Obligation to Provide Continuing Disclosure.

(i) The County hereby undertakes for the benefit of the Bondholders to provide or cause to be provided in an electronic format as prescribed by the MSRB either directly (with a copy to the Dissemination Agent) or through the Dissemination Agent (linked to the CUSIP numbers listed on Schedule A):

(a) to the MSRB no later than the first day of the tenth month after the end of each fiscal year, commencing with the fiscal year ending December 31, 2023, the Annual Information relating to such fiscal year, together with audited financial statements of the County for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, the County shall deliver unaudited financial statements with such filing, and will subsequently deliver to the MSRB audited financial statements, when they become available; and

(b) to the MSRB in a timely manner, notice of a failure to provide any Annual Information and unaudited financial statements or audited financial statements if available in accordance with the provisions of clause (a) above.

(ii) Nothing herein shall be deemed to prevent the County from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the County disseminates any such additional information, the County shall have

no obligation to update such information or include it in any future materials disseminated pursuant to this Agreement.

(iii) If the Dissemination Agent fails to receive a copy of the Annual Information and unaudited financial statements or audited financial statements if available by the date which is thirty days prior to the date required in clause (a) of subsection (i) above, the Dissemination Agent shall promptly send written notice to the County advising of such failure. Whether or not such notice is given or received, if the Dissemination Agent fails to receive the Annual Information and unaudited financial statements or audited financial statements if available by the end of the first day of the ninth month in which such information was due to the MSRB, the Dissemination Agent shall promptly send a notice to the MSRB of the Dissemination Agent's failure to receive such information. If the Dissemination Agent receives the Annual Information and unaudited financial statements or audited financial statements if available accompanied by a written request from the County that the Dissemination Agent file such information with the MSRB, the Dissemination Agent shall so file such information promptly after the receipt thereof, and the County hereby requests that the Dissemination Agent, upon receipt of the Annual Information and unaudited financial statements or audited financial statements if available from the County, file such information with the MSRB.

If the Dissemination Agent receives the audited financial statements after the date required in clause (a) of subsection (i) above, the Dissemination Agent shall file the audited financial statement with the MSRB and the County requests the Dissemination to so file. The Dissemination Agent shall not be responsible to send reminders or requests for such audited financial statements after the date required in clause (a) of subsection (i) above.

(iv) Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(v) The County agrees to provide notice either directly or through the Dissemination Agent to the MSRB, in a timely manner not in excess of nine business days following the events identified in this paragraph, notice of (a) bankruptcy, insolvency, receivership or similar event of the County, (b) 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, (c) incurrence of a financial obligation (as defined in Rule 15c2-12) 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 or (d) 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. The Dissemination Agent shall provide notice of the preceding events to the MSRB within one (1) business day after receipt by the Dissemination Agent of such notice from the County.

(vi) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Agreement. The

Dissemination Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the County, apart from the relationship created by Rule 15c2-12, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the County. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the County, the Bondholders or any other party.

Section 3. Annual Information.

(i) The required Annual Information shall consist of certain financial and statistical information of the County included in Appendix A to the Official Statement under the headings “COUNTY INDEBTEDNESS AND DEBT LIMITS - Debt Limits, - Schedule of Bonded Indebtedness as of December 31, 2023, - History of Bonded Debt Ratios, - Schedule of Comparative Debt, - Statutory Debt as of December 31, 2023, - Debt Issued by Union County Utilities Authority and Secured by Deficiency Agreements with the County as of December 31, 2023, and - Schedule of Debt Issued by Other Public Bodies and Guaranteed by the County as of December 31, 2023”, “AUTHORITY DEBT”, “COUNTY OF UNION DEBT SERVICE SCHEDULE AS OF DECEMBER 31, 2023”, “SIX YEAR CAPITAL PROGRAM 2023”, “TAX COLLECTION DATA” (except under the subheadings “County Taxes” and “Tax Appeals”), “COUNTY BUDGET AND STATEMENTS OF REVENUES AND EXPENDITURE - Statement of Expenditures Last Five Years, - Statement of Revenues Last Five Years, - Revenue Budget and - Appropriation Budget”.

(ii) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which have been either (i) made available to the public on the MSRB internet website or (ii) filed with the Commission.

(iii) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(v) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements.

The County's annual financial statements for each fiscal year shall be audited in accordance with GAAS as in effect from time to time. The County shall prepare its financial statements on a basis of accounting prescribed by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey pursuant to Chapter 5 of Title 40A of the New Jersey Statutes as in effect from time to time. Such financial statements shall be audited by a registered municipal accountant of the State of New Jersey or as otherwise may be permitted by then applicable law of the State of New Jersey.

Section 5. Remedies.

If the County shall fail to comply with any provision of this Agreement, then the Dissemination Agent or any Bondholder may enforce, for the equal benefit and protection of all Bondholders similarly situated, by mandamus or other suit or proceeding at law or in equity, the provisions of this Agreement against the County and any of the officers, agents and employees of the County and may compel the County or any such officers, agents or employees to perform and carry out their duties under this Agreement; provided that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of the County hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Agreement shall not in any manner constitute an Event of Default.

Section 6. Parties in Interest.

This Agreement is executed and delivered solely for the benefit of the Bondholders. No other person, other than the Dissemination Agent, shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments.

Without the consent of any Bondholders, the County and the Dissemination Agent at any time and from time to time may enter into any amendments or modifications to this Agreement for any of the following purposes:

(i) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional) which are applicable to the Bonds;

(ii) to add a dissemination agent for the information required to be provided by the County hereunder and to make any necessary or desirable amendments or modifications in connection therewith;

(iii) to evidence the succession of another entity to the County and the assumption by any such successor of the covenants and agreements of the County hereunder;

(iv) to add to the covenants and agreements of the County hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the County by this Agreement; or

(v) to modify the contents, presentation and format of the Annual Information from time to time as a result of 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; provided that (1) the Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Bonds, after taking into account any amendments or

interpretations of Rule 15c2-12, as well as any change in circumstances; and (2) the amendment or change does not materially impair the interests of Bondholders, as determined either by a party unaffiliated with the County (such as the Dissemination Agent or bond counsel), or by the vote or consent of Bondholders of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment or change.

Section 8. Termination.

This Agreement shall remain in full force and effect until such time as the principal of and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased pursuant to the Bond Resolution.

Section 9. The Dissemination Agent.

The County shall indemnify and hold harmless the Dissemination Agent in connection with this Agreement to the same extent as the Trustee as provided for by the Authority in the Bond Resolution for matters arising thereunder.

Section 10. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey without regard to principles of conflict of laws.

Section 11. Counterparts.

This Agreement may be executed in one or more counterparts, and when the County and the Dissemination Agent have each executed and delivered at least one counterpart, this Agreement shall become binding on the County and the Dissemination Agent and such counterparts shall be deemed to be one and the same document.

Section 12. Severability.

In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, (i) the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, and (ii) the County and the Dissemination Agent shall engage in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid legal and enforceable provisions the effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 13. Headings.

The headings of the sections of this Agreement are for convenience of reference only and shall not affect the meaning or construction of any provision of this Agreement.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Agreement as of the date first above written.

Phoenix Advisors, LLC

County of Union, New Jersey

By: _____

By: _____
Dr. Bibi Taylor
Director of Finance/County Treasurer

SCHEDULE A

AUTHORITY CUSIP NUMBERS

<u>Maturity (April 15)</u>	<u>CUSIP No.</u>
2025	906347YA1
2026	906347YB9
2027	906347YC7
2028	906347YD5
2029	906347YE3
2030	906347YF0
2031	906347YG8
2032	906347YH6
2032	906347YJ2
2034	906347YK9
2035	906347YL7
2036	906347YM5
2037	906347YN3
2038	906347YP8
2039	906347YQ6
2040	906347YR4
2041	906347YS2
2042	906347YT0
2043	906347YU7
2044	906347YV5
2049	906347YW3
2054	906347YX1

APPENDIX D

FORM OF THE GUARANTY AGREEMENT

Agreement Between
The Union County Improvement Authority,
the County of Union, New Jersey and
Manufacturers and Traders Trust Company

This Agreement, made and dated as of the 1st day of April, 2024, between The Union County Improvement Authority (hereinafter referred to as the “Authority”), a public body corporate and politic of the State of New Jersey, the County of Union (hereinafter referred to as the “County”), in the State of New Jersey, and Manufacturers and Traders Trust Company (the “Trustee”)

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the Authority, the County and the Trustee, each binding itself and its successors and assigns, do mutually covenant, promises and agree as follows:

Section 1. Pursuant to Section 80 of the County Improvement Authorities Law, N.J.S.A. 40:37A-44 et seq., the County hereby agrees to guaranty unconditionally and irrevocably the punctual payment of the principal of and the interest on the Authority’s Outstanding (as that term is defined under the Authority’s County Guaranteed Lease Revenue Bond Resolution (Union County Administration Complex Project), as amended and supplemented) County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project) in the aggregate principal amount of \$109,645,000 (the “Bonds”) to be issued to finance the planning, design, construction and equipping of a new County Administration complex located at 61-99 West Grand Street, Elizabeth, New Jersey. The Bonds shall mature no later than April 15, 2054. The full faith and credit of the County are hereby pledged for the full and punctual performance of this guaranty (the “Guaranty”).

Section 2. The Chairman of the Board of County Commissioners, Vice Chairman of the Board of County Commissioners or Director of Finance shall execute on each of the Bonds a certificate evidencing the guaranty of the punctual payment of the principal thereof and the interest thereon in substantially the following form:

“GUARANTY BY THE COUNTY OF UNION, NEW JERSEY”

The payment of the principal of and interest on the within Bond shall be fully, irrevocably and unconditionally guaranteed by the County of Union, a body corporate and politic of the State of New Jersey (the “County”), in accordance with the provisions of N.J.S.A. 40:37A-80 and the guaranty ordinance of the County finally adopted pursuant thereto, and the County is fully, irrevocably and unconditionally liable for the payment, when due, of the principal of and interest on this 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 payment.

IN WITNESS WHEREOF, the County of Union, New Jersey, has caused this guaranty to be executed by the signature of its Chairman of the Board of County Commissioners, Vice Chairman of the Board of County Commissioners or Director of Finance.

COUNTY OF UNION, NEW JERSEY

Chairman of the Board of County Commissioners,
Vice Chairman of the Board of County Commissioners
or Director of Finance

Section 3. If, on the first (1st) day of the month in which the Authority is obligated to pay principal or interest on the Bonds, there are insufficient funds in the Debt Service Fund to make such payments when due under the Bond Resolution, the Trustee shall so notify the County within one (1) business day thereafter and the County shall acknowledge receipt thereof within one (1) business day, and no later than two (2) business days prior to such principal or interest payment date on the Bonds, the County shall make payment in immediately available funds to the Trustee of the amount of such deficiency in the Debt Service Fund. Such County payment shall be deposited by the Trustee into the Debt Service Fund, as and to the extent provided in the Bond Resolution. Notwithstanding any other provision of this agreement to the contrary, failure of the Trustee to give the County notice as provided herein shall not relieve the County of its obligations to make payment to the Trustee under the terms of the Guaranty and this agreement. If the County fails to make such payment when due, the Authority shall advance such amount from any funds legally available therefor and the County shall reimburse the Authority for such advances as soon as possible.

Section 4. In the event the County receives a notification pursuant to Section 3 hereof, the County shall immediately take all necessary actions to pay such principal of and interest on the Bonds, including 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 or any other actions that are legally permitted to be taken to meet the requirements of such Guaranty. Notwithstanding the fact that the Authority is fully obligated to pay all principal and interest on the Bonds when due, the Authority shall determine in connection with the preparation of its annual budget if revenues for the ensuing fiscal year will be sufficient to meet its obligation to pay debt service charges during such fiscal year. If a deficiency is expected to arise during the Authority's fiscal year, the Authority shall immediately give written notice thereof to the County and the County shall include such amounts in its annual budget in order to provide funds to pay principal and interest on the Bonds when due. The Authority also shall monitor the receipt of revenues during each fiscal year and immediately upon discovery of any expected deficiency of revenues shall notify in writing the County of such expected deficiency of revenues.

Section 5. The Authority immediately shall notify the County in writing of any default in the payment of any interest or principal on the Bonds or of the receipt of notice

from the Trustee of its intent to declare the principal of or the interest on the Bonds due and payable pursuant to the Bond Resolution.

Section 6. The Authority hereby covenants to the County that in the event the Guaranty is called upon, the Authority will take all actions within its power in accordance with the County Improvement Authorities Law necessary for it to reimburse the County as soon as possible; provided the obligation to reimburse the County shall only be from Revenues received under the Bond Resolution.

Section 7. This agreement shall terminate after the payment in full of all Bonds of the Authority or the defeasance of the Bonds pursuant to the Bond Resolution.

Section 8. This agreement may be executed in any number of counterparts, each of which shall be executed by the Authority, by the County and by the Trustee and all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same.

IN WITNESS WHEREOF, the Authority, the County and the Trustee 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.

**THE UNION COUNTY
IMPROVEMENT AUTHORITY**

By: _____
Christopher Kolibas, Chairman

THE COUNTY OF UNION

By: _____
Kimberly Palmieri-Mouded, Chairperson of the
Board of County Commissioners

**MANUFACTURERS AND TRADERS TRUST
COMPANY**

By: _____
Marco A. Medina, Assistant Vice President

APPENDIX E

FORM OF OPINION OF BOND COUNSEL



April __, 2024

Union County Improvement Authority
County Administration Building
10 Elizabethtown Plaza
Elizabeth, New Jersey 07207

Dear Members:

We have examined a record of proceedings relating to the issuance of \$109,645,000 County Guaranteed Lease Revenue Bonds, Series 2024 (Union County Administration Complex Project) (the “Bonds”) of the Union County Improvement Authority (the “Authority”), a body corporate and politic created under and by virtue of The County Improvement Authorities Law, constituting Chapter 183 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (the “Act”).

The Bonds are issued under and pursuant to the Act, and under and pursuant to a bond resolution of the Authority adopted on April 14, 2021, entitled “County Guaranteed Lease Revenue Bond Resolution (Union County Administration Complex Project), as amended and supplemented by a Certificate of Chairman” (the “General Bond Resolution”) and by a certificate of the Chairman of the Authority dated April 11, 2024, exercising certain powers delegated by the General Bond Resolution (the “Award Certificate” and together with the General Bond Resolution, the “Bond Resolution”).

The Bonds are dated and shall bear interest from the date of delivery of the Bonds. Interest on the Bonds is payable semiannually on April 15 and October 15 of each year, commencing October 15, 2024. The Bonds will mature on April 15 in each of the years and the principal amounts, and bear interest at the respective rates per annum, shown below.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2025	\$1,650,000	5.000%	2036	\$2,860,000	5.000%
2026	1,735,000	5.000	2037	3,005,000	5.000
2027	1,825,000	5.000	2038	3,160,000	5.000
2028	1,915,000	5.000	2039	3,320,000	5.000
2029	2,015,000	5.000	2040	3,490,000	5.000
2030	2,115,000	5.000	2041	3,670,000	5.000
2031	2,225,000	5.000	2042	3,860,000	5.000
2032	2,340,000	5.000	2043	4,055,000	5.000
2033	2,460,000	5.000	2044	4,265,000	5.000
2034	2,585,000	5.000	2049	24,355,000	4.250
2035	2,720,000	5.000	2054	30,020,000	4.125

The Bonds are subject to redemption prior to maturity in the manner and upon the terms set forth in the Bond Resolution. The Bonds are in fully registered form without interest coupons in the denomination of \$5,000 each or any integral multiple thereof.

The Bonds are being issued for the benefit of the County of Union, State of New Jersey (the “County”) to provide funds to: (i) to finance and undertake the planning, design, construction and equipping of a new County Administration complex located at 61-99 West Grand Street, Elizabeth, New Jersey and (ii) pay certain costs of issuance of the Bonds (collectively, the “Project”).

The Authority has entered into a Ground Lease with the County, dated as of April 1, 2024 (the “Ground Lease”), which provides, among other things, for the lease by the Authority from the County of certain real property and improvements thereto. The Authority also has entered into a Lease and Agreement, dated as of April 1, 2024 (the “Lease”), with the County, which provides, among other things, for the lease by the County from the Authority of the Facilities (as defined in the Lease), including the real property and improvements leased by the Authority pursuant to the Ground Lease.

We are of the opinion that:

1. The Authority is duly created and validly existing under the provisions of the Act and has good right and lawful authority under the Act to finance the Project in accordance with the terms and provisions of the Bond Resolution.

2. The Authority has the right and power under the Act to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required. The Bond Resolution creates the valid pledge which it purports to create of the Pledged Property (as defined in the Bond Resolution), subject to the application thereof as provided in the Bond Resolution.

3. The Authority is duly authorized and entitled to issue the Bonds and the same have been duly and validly authorized and issued by the Authority in accordance with the Constitution and statutes of the State of New Jersey, including the Act, and the Bond Resolution, and constitute valid, binding, direct and special obligations of the Authority enforceable in accordance with their terms and the terms of the Bond Resolution and of the Act and are entitled to the benefits of the Bond Resolution and the Act.

4. The Ground Lease and the Lease have each been duly authorized, executed and delivered by the Authority and, assuming the due authorization, execution and delivery thereof by the County, the Ground Lease and the Lease each constitute a legal, valid and binding agreement of the Authority enforceable in accordance with its terms.

5. Under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds 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. We express no opinion regarding any other Federal income tax consequences arising with respect to the Bonds.

6. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Authority and the County have made certain representations and covenants in the tax certificate and the Lease, respectively, which are executed on the date of issuance of the Bonds, as to various tax requirements. In addition, the Authority and the County have covenanted to comply with the provisions of the Code applicable to the Bonds and have covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and the Lease and have assumed continuing compliance by the Authority and the County with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the Authority other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Bonds.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Bond Resolution, the Bonds, the Ground Lease and the Lease is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.



The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Authority with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

We have examined an executed Bond and, in our opinion, the form of such Bond and its execution are regular and proper.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

Gibbons P.C.