

## NOTICE OF SALE

### PASSAIC VALLEY SEWERAGE COMMISSIONERS (STATE OF NEW JERSEY)

#### **\$83,625,000\* SEWER SYSTEM BONDS, SERIES J**

Proposals for Series J Bonds (as hereinafter defined) shall be received by the Passaic Valley Sewerage Commissioners (the “*Commission*”) electronically via the PARITY® Electronic Bid System (“*PARITY®*”) of i-Deal LLC (“*i-Deal*”) in the manner described below under the heading “**Procedures Regarding Electronic Bidding**” until 11:00 a.m. (New York time) on July 8, 2020 (or such other date that the Commission may determine in accordance with the terms of this Notice of Sale, the “*Bid Date*”) for the purchase of all (but not less than all) of the Commission’s \$83,625,000\* aggregate principal amount of “Sewer System Bonds, Series J” (the “*Bonds*”). The Bonds are scheduled to mature and contain such other terms, all as set forth below in this Notice of Sale. This Notice of Sale, as the same may be amended or supplemented in accordance with the terms hereof, shall be defined for all purposes hereof as the “*Notice of Sale*”.

The Commission reserves the right to modify this Notice of Sale, including without limitation changing the scheduled maturities or increasing or reducing the aggregate principal amount of Bonds and the principal amount of any maturity offered for sale, prior to the Bid Date. If such modifications occur, supplemental information with respect to the Bonds shall be communicated via TM3 News Service (“*TM3*”) not later than 5:00 p.m. (New York time) on the day preceding the Bid Date, and bidders shall bid upon the Bonds as so modified.

In addition, the Commission reserves the right to postpone the Bid Date. In the event of a postponement, the new date and time of sale and any revised date of expected delivery shall be announced via TM3 not later than 3:00 p.m. (New York time) on the day before the previously scheduled Bid Date. On any such alternative Bid Date, bidders may submit electronic bids for the purchase of the Bonds in conformity with the provisions of this Notice of Sale, except for the changed date and time of sale and any revised date of delivery.

Prospective bidders for the Bonds are advised that this Notice of Sale, the attached “Proposal for Bonds” to be submitted by bidders on the Bid Date (the “*Proposal for Bonds*”), and the issuance, award and purchase of the Bonds under the procedures described in this Notice of Sale and the Proposal for Bonds, shall be governed by the laws of the State of New Jersey (the “*State*”).

Capitalized terms not defined herein shall have the meanings ascribed to such terms in the hereinafter defined Resolution.

**Description of the Bonds:** The Bonds shall be dated the date of delivery. Principal of the Bonds shall be payable upon presentation and surrender thereof at the principal office of The

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\*Preliminary, subject to change

Bank of New York Mellon, Woodland Park, New Jersey, as Trustee (the “*Trustee*”), and the interest thereon, payable initially on December 1, 2020 and semiannually thereafter on June 1 and December 1 of each year until final maturity (stated or otherwise), shall be payable through The Depository Trust Company (“DTC”), New York, New York, which shall act as securities depository for the Bonds. The Bonds shall be registered in the name of Cede & Co., as nominee for DTC, and beneficial ownership interests in the Bonds may be purchased through DTC’s book-entry system in denominations of \$5,000 or any integral multiple thereof.

The principal amount of the Bonds to mature on December 1 in each of the following years is set forth below opposite the year of maturity.

<b>Year*</b>	<b>Principal*</b>	<b>Year*</b>	<b>Principal*</b>
12/1/2023	1,800,000	12/1/2035	2,010,000
12/1/2024	1,815,000	12/1/2036	2,055,000
12/1/2025	1,840,000	12/1/2037	2,095,000
12/1/2026	6,765,000	12/1/2038	2,140,000
12/1/2027	6,855,000	12/1/2039	2,190,000
12/1/2028	6,955,000	12/1/2040	2,240,000
12/1/2029	7,060,000	12/1/2041	2,290,000
12/1/2030	7,175,000	12/1/2042	2,345,000
12/1/2031	7,300,000	12/1/2043	2,395,000
12/1/2032	7,425,000	12/1/2044	2,455,000
12/1/2033	1,935,000	12/1/2045	2,515,000
12/1/2034	1,970,000		

\*Preliminary, subject to change.

**Adjustment of Principal Amount:** The Commission reserves the right to increase or decrease the aggregate principal amount of the Bonds by an amount not to exceed ten percent (10%) as the Commission deems advisable in order to accomplish the plan of financing described below under “**Authority and Purpose of Issue**”, based on the actual rates of interest to be borne by the Bonds and the requirements of the Commission’s plan of financing, or for such other reasons of the Commission. Any such increase or decrease shall not exceed ten percent (10%) of each maturity as the Commission shall determine. Notice of such increase or decrease shall be given to the Successful Bidder (as hereinafter defined) as soon as practicable following the notification of award, as described below, but not later than 3:00 p.m. on the Bid Date. No such adjustment will have the effect of altering the basis upon which the best bid is determined; provided, however, that any such increase or decrease shall result in a corresponding increase or decrease, as the case may be, in the purchase price of the Bonds. The Successful Bidder may not withdraw its bid or change the interest rate bid or initial reoffering price as a result of any changes made to the principal amounts within these limits.

**Authority and Purpose of the Issue:** The Bonds are being issued pursuant to Chapter 14 of Title 58 of the Revised Statutes of the State, as amended and supplemented, the General Bond Resolution adopted by the Commission on May 20, 1971, which became effective July 31, 1971,

as amended and supplemented, including without limitation by “Supplemental Resolution No. 17 Relating to the General Bond Resolution of Passaic Valley Sewerage Commissioners and Authorizing Not Exceeding \$87,000,000 Principal Amount of Sewer System Bonds of the Commission”, adopted February 13, 2020, which became effective May 9, 2020 (collectively, the “*Resolution*”).

The Bonds are authorized and being issued principally for the purpose of providing the funds necessary, together with other available funds of the Commission, to (i) currently refund and legally defease all of the Commission’s outstanding Sewer System Bonds, Series F, (ii) deposit in the Bond Reserve Fund an amount, if any, which when added to the amount presently on deposit therein, will equal the Bond Reserve Requirement, (iii) pay the costs of the planning, design, acquisition, improvement, renovation, replacement, construction and installation of various capital projects to and for the System (as defined in the Resolution and (v) pay the costs of issuance and certain other costs related to the Bonds.

**Security:** The Bonds are direct and general obligations of the Commission. The Bonds, together with the Commission’s outstanding bonds issued under the Resolution, and any Additional Bonds when issued (collectively, the “*Resolution Bonds*”), are secured by pledge in the manner and to the extent set forth in the Resolution. All of the System Revenues are pledged to secure or provide for the payment of the principal of and interest on the Resolution Bonds, subject to the application thereof to the purposes and on the conditions permitted by the Resolution. The bidders are referred to the Resolution and the Preliminary Official Statement (as hereinafter defined) for further details.

If the Bonds qualify for issuance of any policy of municipal bond insurance, the Successful Bidder may, at its sole option and expense, purchase such insurance. Any failure of the Bonds to be so insured shall not in any way relieve the Successful Bidder of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. The Commission shall reasonably assist the Successful Bidder in their procurement of municipal bond insurance, if applicable, but the Commission shall be under no obligation to provide municipal bond insurance, nor to pay for any cost or expense of or relating to its procurement or existence.

### **Optional Redemption**

The Series J Bonds maturing on or after December 1, 2029 are subject to optional redemption by the Commission, in whole or in part, on any date on or after December 1, 2028, upon notice as described in the Resolution, at a Redemption Price equal to 100% of the principal amount of the Series J Bonds being redeemed, plus accrued interest to the redemption date.

### **Term Bond Option**

Bidders may elect to structure the issue to include term bonds for those Bonds maturing on or after December 1, 2041 (the “Term Bond Option”), which term bonds, if selected by the Bidder, will be subject to mandatory redemption prior to maturity, in the years and amounts as determined, upon payment of one hundred percent (100%) of the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for such mandatory redemption of such

amounts. If the Bonds are awarded and no term bonds are designated by the Successful Bidder, the Bonds will mature serially as shown herein.

**Ratings:** Moody's Investors Service has assigned a rating of A2 to the Bonds. For the significance of the ratings, see the Section "Rating" in the Preliminary Official Statement.

**Interest Rate and Bid Requirements:** Each bidder shall designate such rates of interest for the herein specified maturities in its proposal for the purchase of the Bonds subject to the following limitations:

1. All bids shall be submitted electronically via PARITY® pursuant to the procedures described below and shall be deemed to constitute a proposal for bonds and to incorporate by reference all of the terms and conditions of this Notice of Sale. The submission of a bid electronically via PARITY® shall constitute and be deemed to be the bidder's signature on the Proposal for Bonds.

2. No Proposal for Bonds submitted for the purchase of less than all of the Bonds or less than the par amount of Bonds offered for sale shall be considered;

3. No interest rate may be specified in the Proposal for Bonds that is not a multiple of 1/8 of 1% or 1/20 of 1%;

4. All Bonds maturing on the same date shall bear the same rate of interest;

5. No single maturity of Bonds shall bear interest at more than one rate;

6. The interest rate specified for any Bonds of any maturity shall not be less than the interest rate specified for any Bonds of any prior maturity;

7. No Proposal for Bonds shall be considered that is not accompanied by a wire as described herein under the caption "**Good Faith Deposit**"; and

8. Notwithstanding anything to the contrary herein, the Commission reserves the right to reject any or all bids with respect to the Bonds and to waive any irregularity or informality in compliance with the terms of this Notice of Sale to the extent permitted by law or equity.

**Procedures Regarding Electronic Bidding:** Bids must be submitted electronically via PARITY® in accordance with this Notice of Sale, until 11:00 a.m., New York time, on the Bid Date, but no bid shall be accepted after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY®, potential bidders may contract PARITY® at i-Deal at (212) 849-5021. The Commission may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically via PARITY®.

The bidder further agrees that:

1. The Commission may regard the electronic transmission of the bid through PARITY® (including information about the principal amount of the Bonds, the premium bid for the Bonds and any other information included in such transmission) as though the same information were submitted on the Proposal for Bonds form provided by the Commission and executed by a duly authorized signatory of the bidder. If a bid submitted electronically by PARITY® is accepted by the Commission, the terms of the Proposal for Bonds and this Notice of Sale and the information that is electronically transmitted through PARITY® shall form a contract, and the Successful Bidder shall be bound by the terms of such contract.

2. PARITY® is not an agent of the Commission, and the Commission shall have no liability whatsoever based on any bidder's use of PARITY®, including but not limited to any failure by PARITY® to correctly or timely transmit information provided by the Commission or information provided by the bidder.

3. The Commission may choose to discontinue use of electronic bidding via PARITY® by issuing a notification to such effect via TM3 or by other available means, no later than 3:00 p.m., New York time, on the last business date prior to the Bid Date.

4. Once the bids are communicated electronically via PARITY® to the Commission as described above, each bid shall constitute a Proposal for Bonds and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting all Proposals for Bonds, the time as maintained on PARITY® shall constitute the official time.

5. Each bidder shall be solely responsible to make necessary arrangements to access PARITY® for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Commission nor i-Deal shall have any duty or obligation to provide or assure access to any bidder, and neither the Commission nor i-Deal shall be responsible for the proper operation of or have any liability for any delays or interruptions of, or any damages caused by PARITY®. The Commission is using PARITY® as a communication mechanism, and not as the Commission's agent, to conduct the electronic bidding for the Bonds. By using PARITY®, each bidder agrees to hold the Commission harmless for any harm or damages caused in connection with its use of PARITY® for bidding on the Bonds.

**Clarification Prior to the Opening of Bids:** The Commission may, in its sole discretion and prior to the opening of bids clarify any term hereof, including, without limitation, its decision to discontinue use of electronic bidding via PARITY®, by issuing a notification of the clarification via TM3 or any other available means no later than 3:00 p.m., New York time, on the last business day prior to any announced Bid Date for receipt of bids.

**Determination of Best Proposal for Bonds:** As between legally acceptable Proposals Bonds complying with this Notice of Sale, unless all Proposals for Bonds are rejected, the Bonds shall be awarded to the bidder (the "*Successful Bidder*") whose Proposal for Bonds results in the lowest true interest cost to the Commission over the life of the Bonds. True interest cost for the Bonds (expressed as an annual interest rate) shall be that annual interest rate that is twice that

factor or discount rate compounded semiannually, which when applied against each semiannual debt service payment (interest, or principal and interest, as due) for the Bonds shall equate the sum of such discounted semiannual payments to the bid price (exclusive of accrued interest). The true interest cost shall be calculated from the proposed date of the Bonds, which is the date of delivery, and shall be based upon the principal amounts of each maturity of the Bonds as set forth above and the bid price and interest rates set forth in each Proposal for Bonds submitted in accordance with this Notice of Sale. In case of a tie, the Commission may select the Successful Bidder by lot from among all such tied bidders.

It is requested that each Proposal for Bonds be accompanied by a computation of such true interest cost to the Commission under the terms of the Proposal for Bonds in accordance with the method of calculation described in this paragraph (computed to six (6) decimal places), but such computation is not to be considered as part of the bid for the Bonds.

Award of the Bonds to the Successful Bidder, or rejection of all bids, is expected to be made within two (2) hours after opening of the Proposals for Series J Bonds submitted by the bidders, but no bidder may withdraw its Proposal for Bonds until after 4:00 p.m. (New York time) on the Bid Date, and then only if such award has not been made prior to the withdrawal.

**Reoffering Price, Designation of Term Bonds, and Certain Other Information:** Within one (1) hour of the oral award of the Bonds, the Successful Bidder shall be required to advise the Commission, in writing, of (i) the initial public reoffering prices or yields of the Bonds, (ii) the underwriters' discount for the Bonds, and (iii) whether bond insurance is being utilized to insure the payment of the principal of and interest on the Bonds. Such information shall be deemed to be incorporated in, and be a part of, the Proposal for Bonds, as if originally set forth therein.

**Good Faith Deposit:** All Proposals for Series J Bonds must be accompanied by a \$1,672,500 good faith deposit (the "*Deposit*") in the form a wire transfer, as more fully set forth below.

Deposits may be submitted by wire transfer of immediately available funds as instructed by or on behalf of the Commission. Such wire transfer must be received and confirmed by the Commission (in the full amount of the Deposit) prior to the Bid Date at 11:00am.

The wire transfers of the unsuccessful bidders will be returned upon the award of the Bonds. No interest shall be paid by the Commission on the amount of wire transfer of the Successful Bidder, or any unsuccessful bidders.

Concurrent with the delivery of the payment for the Bonds on the Closing Date, the amount of the Deposit will be applied as partial payment for the Bonds. In the event the Commission shall fail to deliver the Bonds on the Closing Date, or if the Commission shall be unable to satisfy the conditions to the obligations of the Successful Bidder to pay for and accept delivery of the Bonds, or if such obligations shall be terminated for any of the reasons specified herein, the amount of the Deposit shall immediately be returned to the Successful Bidder in full release of any claim that the Successful Bidder may have against the Commission on account of its failure to deliver the Bonds. In the event the Successful Bidder shall fail (other than for the reasons permitted under this Notice

of Sale) to accept delivery of and pay for the Bonds on the Closing Date, the Deposit shall be retained by the Commission as and for full liquidated damages to secure the Commission from any loss resulting from the failure of the Successful Bidder to comply with the terms of its Proposal for Bonds.

**Official Statement:** A copy of the Commission's Preliminary Official Statement dated July 1, 2020 (the "*Preliminary Official Statement*") relating to the Bonds may be obtained via i-Deal at [www.i-dealprospectus.com](http://www.i-dealprospectus.com) or from the Commission's financial advisor, NW Financial Group, LLC, 2 Hudson Place, Hoboken, New Jersey 07030, Attention: James Fagan, (201) 526-2733. [jfagan@nwfinancial.com](mailto:jfagan@nwfinancial.com). The Preliminary Official Statement is in a form "deemed final" by the Commission for purposes of paragraph (b)(1) of Rule 15c2-12 (the "*Rule*") promulgated under the Securities Exchange Act of 1934, as amended, except for certain omissions permitted thereunder and except for changes permitted by other applicable law. After the award of the Bonds, the Commission shall provide on a timely basis a reasonable number of copies of a "final official statement" as that term is defined paragraph (e)(3) of the Rule (the "*Final Official Statement*"), to the Successful Bidder at the Commission's expense (and such additional copies of the Final Official Statement as reasonably requested by, and at the expense of, the Successful Bidder) to enable the Successful Bidder to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board. Requests for such additional copies of the Final Official Statement shall be made to the Commission's financial advisor at the address set forth above within 24 hours after the award of the Bonds.

No amendment or supplement to the Final Official Statement shall be made without the approval of the Commission and the Successful Bidder provided that, prior to the making of any amendment or supplement, the Commission agrees to furnish to the Successful Bidder a copy of the proposed amendment or supplement. After the Final Official Statement has been delivered to the Successful Bidder and for twenty-five (25) days after the "end of the underwriting period" as such is described in the Rule, if any event shall occur as a result of which it is necessary to amend or supplement the Final Official Statement in order to make the statements therein, in light of the circumstances under which they are made, not misleading, the Successful Bidder or the Commission who have such knowledge shall so advise the Commission and the Successful Bidder, as appropriate. In any such case, the Commission shall cooperate in the preparing and furnishing to the Successful Bidder and to the dealers (whose names and addresses the Successful Bidder shall furnish to the Commission) to which Bonds may have been sold by the Successful Bidder and to any other dealers upon request, either amendments to the Final Official Statement or supplemental information, so that the statements in the Final Official Statement as so amended or supplemented will not, in light of the circumstances under which they were made, be misleading.

**Continuing Disclosure:** In order to assist bidders in complying with paragraph (b)(5) of the Rule, the Commission shall undertake for the benefit of the holders of the Bonds to provide annual reports and timely notice of certain events with respect to the Bonds pursuant to that certain Continuing Disclosure Agreement to be dated the same date as the date of the issuance of the Bonds (the "*Continuing Disclosure Agreement*") between the Commission and the Trustee. The form of the Continuing Disclosure Agreement is included as Appendix F of the Preliminary Official Statement.

**Denominations and CUSIP Numbers:** The Commission's financial advisor, NW Financial Group, LLC, shall apply for the CUSIP numbers for the Bonds the day prior to the Bid Date, but it shall be the obligation of the Successful Bidder to finalize and furnish the Commission the CUSIP numbers for the Bonds within two (2) business days of the Bid Date and to finalize and furnish to the Commission and the Trustee the denominations of the Bonds not less than seven (7) business days prior to the Closing Date. It is anticipated that CUSIP numbers shall be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Successful Bidder to accept delivery of and pay for the Bonds in accordance with the terms hereof. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Commission; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the Successful Bidder.

**L. 2005, c. 51 and Executive Order 117 Certification:** The submission of each Proposal for Series J Bonds shall be a certification that the bidder is in compliance with L. 2005, c. 51 and Executive Order No. 117 (Corzine, 2008) ("*Executive Order No. 117*") as of the date of the submitted bid. The Successful Bidder shall be obligated to furnish to the Commission, on the date of delivery of the Bonds, a certificate in connection with L. 2005, c. 51 and Executive Order No. 117 (a form of which is attached hereto) and satisfactory to the Commission, to the effect that all information, certifications and disclosure statements previously provided in connection with L. 2005, c. 51 and Executive Order No. 117 have been made with full knowledge that the Commission shall rely on the truth of the statements contained therein in connection with the sale and the issuance of the Bonds.

If any bidders have not submitted the certifications and disclosure statements required pursuant to L. 2005, c. 51 and Executive Order No. 117 or have any questions concerning the requirements of L. 2005, c. 51 or Executive Order No. 117, please contact NW Financial Group, LLC, 2 Hudson Place, Hoboken, New Jersey 07030, Attention: James Fagan, (201) 656-0115. [jfagan@nwfinancial.com](mailto:jfagan@nwfinancial.com).

**Executive Order No. 9 Certification:** Pursuant to Executive Order No. 9 (Codey, 2004), dated and effective as of December 6, 2004 ("*Executive Order No. 9*"), it is the policy of the State that in all cases where bond underwriting services are or may be required by the State or any of its departments, agencies or independent authorities, including the Commission, such department, agency or independent authority shall deal directly with the principals of the underwriting firms or their registered lobbyists. The department, agency or independent authority shall not discuss, negotiate or otherwise interact with any third-party consultant, other than principals of underwriting firms and their registered lobbyists, with respect to the possible engagement of the firm to provide bond underwriting services. **Compliance with Executive Order No. 9 is a material term and condition to the submission of each bid and binding upon the bidders. As such, the submission of each bid shall be a certification that the bidder is in compliance with Executive Order No. 9.**

**Compliance with L. 2005, c. 271 Reporting Requirements:** Each bidder is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to N.J.S.A. 19:44A-20.13 (L.



2005, c. 271, section 3) if the bidder's bid is accepted by the Commission and the bidder enters into contracts or agreements with public entities in the State, such as the Commission, and received compensation for fees in excess of \$50,000 or more in the aggregate from public entities in the State, such as the Commission, in a calendar year. It is each Successful Bidder's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at [www.elec.state.nj.us](http://www.elec.state.nj.us).

**Establishment of Issue Price (10% Test to Apply if Competitive Sale Requirements are Not Satisfied)**

(a) The winning bidder shall assist the Commission in establishing the issue price of the Bonds and shall execute and deliver to the Commission on the Closing Date an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Schedule A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Commission and Bond Counsel (as hereinafter defined). All actions to be taken by the Commission under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Commission by Bond Counsel and any notice or report to be provided to the Commission may be provided to Bond Counsel.

(b) The Commission intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the Commission shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Commission may receive bids from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Commission anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the Commission shall so advise the winning bidder. The Commission shall treat the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the

Commission if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Commission will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity in the event that the competitive sale requirements are not satisfied. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds.

(d) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Commission the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that the winning bidder’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Commission or bond counsel.

(e) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) to report the prices at which it sells to the public the unsold Bonds allocated to it, whether or not the Closing Date has occurred, until either all Bonds allocated to it have been sold or it is notified by the winning bidder that the 10% test has been satisfied as to the Bonds, provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder,

(B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date

has occurred, until either all Bonds allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Bonds, provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter.

(f) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Commission (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the Commission to the winning bidder.

**Closing and Delivery and Payment:** It is expected that the closing of the Bonds shall be held at the offices of DeCotiis, FitzPatrick, Cole and Giblin, LLP, 61 South Paramus Road, Suite 250, Paramus, New Jersey 07652, Bond Counsel to the Commission (“*Bond Counsel*”), on or about July 22, 2020 (or such other date agreed to by the Successful Bidder and the Commission, the “*Closing Date*”). On the Closing Date, the Successful Bidder shall take delivery of the Bonds and pay the purchase price of the Bonds (less the payment made by the Deposit hereinabove referred to) in immediately available federal funds not later than 11:30 a.m. (New York time) on the Closing Date. The Successful Bidder shall be supplied with (a) the approving opinion of Bond Counsel, substantially in the form of Appendix G to the Preliminary Official Statement, together with a

reliance letter, and (b) a transcript of the closing documents. Any expense in providing immediately available funds for the purchase of the Bonds shall be borne by the Successful Bidder.

The Successful Bidder agrees (i) to disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the Commission, (ii) to promptly file a copy of the Final Official Statement, including any supplements prepared by the Commission, with the Municipal Securities Rulemaking Board, and (iii) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

In addition, the Successful Bidder agrees to provide to the Commission, within twenty-five (25) days of the Closing Date, a report showing the allocation of Bonds received by each member of the underwriting syndicate and that portion of the underwriting discount allocable to each member of the underwriting syndicate.

The Successful Bidder may at its option refuse to accept the Bonds if subsequent to the Bid Date, but prior to delivery of the Bonds, any income tax law of the United States of America shall be enacted which shall, in the opinion of Bond Counsel, materially adversely affect the excludability of interest on the Bonds from the gross income of the holders thereof for federal income tax purposes. In such case, the Deposit made by the Successful Bidder will be returned and the Successful Bidder will be relieved of its contractual obligations arising from the Commission's acceptance of its Proposal for Bonds.

The obligations hereunder of the Commission to deliver and of the Successful Bidder to accept and pay for the Bonds are conditioned upon the availability and the delivery on the Closing Date of a copy of the approving opinion of Bond Counsel, including one copy thereof manually signed, substantially in the form of such opinion set forth in Appendix G to the Preliminary Official Statement, which opinion shall be furnished to the Successful Bidder without cost.

The obligations hereunder of the Commission to deliver and of the Successful Bidder to accept and pay for the Bonds, shall be further conditioned upon the availability and delivery to the Successful Bidder on the Closing Date, of (i) certificates in form satisfactory to Bond Counsel, evidencing the proper execution and delivery of the Bonds and receipt of payment therefore, and compliance with the requirements of the Internal Revenue Code of 1986, as amended, to necessary to preserve the tax exemption; (ii) a certificate, in form and tenor satisfactory to said law firm and dated the date of delivery, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened affecting the validity of the Bonds, and (iii) a fully executed copy of the Continuing Disclosure Agreement.

The Commission shall pay the costs of (i) printing and delivery of the Bonds; (ii) preparation of all customary legal documents incident to closing; (iii) preparation, printing and delivery of the Preliminary Official Statement and any necessary modification thereof for use by the Successful Bidder and the preparation, printing and delivery of a reasonable number of copies of the Final Official Statement; (iv) all fees and expenses of Bond Counsel, the bank serving as Trustee under the Resolution, counsel to the Trustee, counsel to the Commission, the escrow agent

and counsel, the verification agent and counsel, and the auditors of the Commission; (v) the fee and expenses of NW Financial Group, as financial advisor to the Commission; and (vi) rating fees due to Moody's Investors Service. Legal fees and other costs incurred at the Successful Bidders' request, with respect to any Blue Sky or Legal Investment Survey or otherwise, shall be the responsibility of the Successful Bidder.

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Any questions relating to the bid procedures and other matters relating to the offering of the Bonds may be directed to NW Financial Group, LLC, 2 Hudson Place, Hoboken, New Jersey 07030, Attention: James Fagan, (201) 526-2733. [jfagan@nwfinancial.com](mailto:jfagan@nwfinancial.com).

**PASSAIC VALLEY SEWERAGE  
COMMISSIONERS**

Dated: July 1, 2020

**By: /s/ Gregory A. Tramontozzi  
Executive Director**

**FORM OF  
L. 2005, c. 51 AND EXECUTIVE ORDER NO. 117  
CERTIFICATION OF NO CHANGE**

The undersigned \_\_\_\_\_ of \_\_\_\_\_ in connection with the issuance of the \$83,625,000\* aggregate principal amount of "Sewer System Bonds, Series J" of the Passaic Valley Sewerage Commissioners (the "*Commission*"), dated \_\_\_\_\_, 2020 (the "*Bonds*"), **HEREBY CERTIFIES** that all information, certifications and disclosure statements previously provided in connection with L. 2005, c. 51 and Executive Order No. 117 (Corzine, 2008) are true and correct as of the date hereof, and that all such statements have been made with the full knowledge that the Commission shall rely upon the truth of the statements contained herein and therein in connection with the sale and issuance of the Bonds.

**IN WITNESS WHEREOF**, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_, 2020.

**[NAME OF BIDDER]**

By: \_\_\_\_\_  
Name:  
Title:

## PROPOSAL FOR BONDS

July \_\_, 2020

Gregory A. Tramontozzi  
Executive Director  
Passaic Valley Sewerage Commissioners  
600 Wilson Avenue  
Newark, NJ 07105

Dear Mr. Tramontozzi:

Subject to the provisions of the “Notice of Sale”, which is attached hereto and considered a part of this Proposal, we will pay the sum of \$\_\_\_\_\_ for the \$83,625,000\* aggregate principal amount of “Sewer System Bonds, Series J” (the “*Bonds*”), as described in the Notice of Sale, provided the Bonds bear interest at the following interest rate or rates per annum:

<u>Year *</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>
12/1/2023	1,800,000	_____ %
12/1/2024	1,815,000	_____ %
12/1/2025	1,840,000	_____ %
12/1/2026	6,765,000	_____ %
12/1/2027	6,855,000	_____ %
12/1/2028	6,955,000	_____ %
12/1/2029	7,060,000	_____ %
12/1/2030	7,175,000	_____ %
12/1/2031	7,300,000	_____ %
12/1/2032	7,425,000	_____ %
12/1/2033	1,935,000	_____ %
12/1/2034	1,970,000	_____ %
12/1/2035	2,010,000	_____ %
12/1/2036	2,055,000	_____ %
12/1/2037	2,095,000	_____ %
12/1/2038	2,140,000	_____ %
12/1/2039	2,190,000	_____ %
12/1/2040	2,240,000	_____ %
12/1/2041	2,290,000	_____ %

\* Preliminary, subject to adjustment as described in the Notice of Sale.



12/1/2042	2,345,000	_____ %
12/1/2043	2,395,000	_____ %
12/1/2044	2,455,000	_____ %
12/1/2045	2,515,000	_____ %

We acknowledge and agree that after we submit this Proposal for Bonds, the Commission may modify the aggregate principal amount of the Bonds and/or the principal amounts of each maturity of the Bonds, subject to the limitations on post-Bid revisions specified in the Notice of Sale.

We further acknowledge and agree that, in the event there are post-Bid adjustment to the maturity schedule of the Bonds as provided in the Notice of Sale, we agree to purchase all of the Bonds, taking into account such post-Bid revisions, on the above-specified terms of this completed Proposal for Bonds.

We further acknowledge that the Commission may reject all completed Proposals for Bonds.

Receipt and review of the Preliminary Official Statement and the Notice of Sale are hereby acknowledged.

This completed Proposal for Bonds, if and when accepted by the Commission, together with the Notice of Sale, shall constitute a contract to purchase and sell the Bonds as provided in the Notice of Sale and as provided herein.

In accordance with the terms of the Notice of Sale, \$1,672,500 for the Deposit has been electronically transferred to the Commission in accordance with the Notice of Sale.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Bidder

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Email Address

Each Bidder is requested to supply the following for informational purposes only and such information is not part of the bid:

Aggregate amount of interest on the Bonds \$\_\_\_\_\_

Plus Discount / Less Premium \$\_\_\_\_\_

Net Interest Cost \$\_\_\_\_\_ (sum of lines 1 and 2)

True Interest Cost \_\_\_\_\_% (to six decimals)

Return of the good faith deposit is hereby acknowledged:

Authorized Signature

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Title

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Date

**SCHEDULE A**  
**FORM OF ISSUE PRICE CERTIFICATE**  
**AND**  
**MATURITY SCHEDULE**

July \_\_, 2020

Passaic Valley Sewerage Commissioners  
Newark, New Jersey

DeCotiis, FitzPatrick, Cole & Giblin, LLP  
Paramus, New Jersey

Re: Passaic Valley Sewerage Commissioners  
\$\_\_\_\_\_ Sewer System Bonds, Series J

Ladies & Gentlemen:

The undersigned, as the purchaser from the Passaic Valley Sewerage Commissioners (the “Issuer”), of the Issuer’s \$\_\_\_\_\_ Sewer System Bonds, Series J (the “Bonds”), sold on July \_\_, 2020 [(the “Sale Date”)], dated and issued on the date hereof and maturing on December 1 in the years 20\_\_ through 20\_\_ (inclusive), hereby certifies as follows:

[1. [Alternate 1 - ***Bids Received From at Least 3 Underwriters.***]

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the undersigned are the prices listed in Exhibit 1 hereof (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the undersigned in formulating its bid to purchase the Bonds.

(b) The undersigned was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the undersigned constituted a firm offer to purchase the Bonds.

(d) Based on the Expected Offering Prices, the aggregate offering prices of the Bonds to the public is \$\_\_\_\_\_ (par amount of \$\_\_\_\_\_, plus original issue premium in the amount of \$\_\_\_\_\_).

[1. [Alternate 2 - ***Competitive Sale Requirements not satisfied - Actual sale of at least 10% of Bonds by closing***] As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Exhibit 1 (collectively, the “Offering Prices”). Based on the Offering Prices, the aggregate Offering Prices of the Bonds to the public is \$\_\_\_\_\_ (par amount of \$\_\_\_\_\_, plus original issue premium in the amount of \$\_\_\_\_\_).

2. **Defined Terms.** In addition to the terms defined above, the following terms used herein shall have the meanings therefor set forth below:

(a) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the undersigned’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to compliance with the federal income tax rules affecting the Bonds, and by its bond counsel, DeCotiis, FitzPatrick, Cole & Giblin, LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Very truly yours,

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title \_\_\_\_\_

**DRAFT EXHIBIT 1**  
To Form of Issue Price Certificate

**SALE PRICES**

\$\_\_\_\_\_

**PASSAIC VALLEY SEWERAGE COMMISSIONERS  
(STATE OF NEW JERSEY)**

**SEWER SYSTEM BONDS, SERIES J**

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP Number*	Maturity Date	Principal Amount	Interes t Rate	Price	CUSIP Number
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