

**RESOLUTION**

**WHEREAS.** On December 21, 2002 the Pequannock River Basin Regional Sewerage Authority (the "Authority") issued the 2002 Series M Sewer Revenue Refunding Bonds (the "2002 Series M Bonds") in the principal amount of \$10,400,000; and

**WHEREAS.** the 2002 Series M Bonds are subject to arbitrage rebate limitations in accordance with the rules and regulations of the Internal Revenue Service; and

**WHEREAS.** the Authority in 2002 entered into a Forward Delivery from of Guaranteed Investment Contract with Wachovia Securities for investment of the proceeds of the 2002 Series M Bonds and the proceeds of "Prior Bonds" refunded by the 2002 Series M Bonds; and

**WHEREAS.** the permitted yield on the 2002 Series M Bonds is 4.822%; and

**WHEREAS.** the Guaranteed Investment Contract yields on the Bond Reserve Fund and the Bond Service Fund are 5.86% (net) and 6.54%, respectively; and

**WHEREAS.** the report of Bond Counsel dated January 16, 2008 has determined that the 2002 Series M Bonds earned positive arbitrage profits in the amount of \$21,476.83 as accrued from December 2, 2002 through December 1, 2007; and

**WHEREAS.** IRS regulations require periodic rebate of said arbitrage profits; and

**WHEREAS.** the 2002 Series M Bonds generate future accrued liabilities from positive arbitrage is estimated annually through the next 5 year period of calculation ending December 1, 2012; and

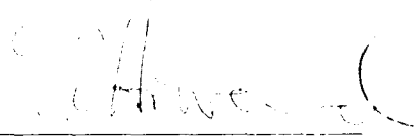
**WHEREAS.** the Authority has created an "Arbitrage Reserve Fund (2002 Series M Bonds)" as a sub-account of the Revenue Fund to fund the annual accrued liability on the 2002 Series M Bonds.

**NOW THEREFORE, BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the counties of Morris and Passaic in the State of New Jersey on this 19<sup>h</sup> day of January 2009 as follows:

1. The Treasurer and Consulting Engineer are hereby authorized and directed to transfer \$4000.00 (or such amount as may be periodically calculated) from the Revenue Fund into the Arbitrage Reserve Fund (2002 Series M Bonds) for Fiscal Year 2009 and for each year thereafter through the period of calculation ending as of December 1, 2012 which funds are to be used and applied to the accrued arbitrage rebate liability obligation due to the Internal Revenue Service, if any, as calculated for said five year period.

2. This Resolution shall take effect immediately.

Certified to be a true copy of a resolution enacted at a duly convened public meeting of the Pequannock River Basin Regional Sewerage Authority held on January 19, 2009



Secretary

word/minutes arbitrageresolution