

**LETTER OF REPRESENTATIONS  
OF THE BOARD OF EDUCATION OF THE TOWNSHIP OF NUTLEY,  
REGARDING THEIR PARTICIPATION IN  
THE ESSEX COUNTY IMPROVEMENT AUTHORITY'S  
1992 PROPERTY AND EQUIPMENT LEASING PROGRAM**

September \_\_, 1992

The Essex County Improvement Authority  
125 Passaic Avenue  
Fairfield, New Jersey 07004

\_\_\_\_\_, as  
representative of the Underwriter

Ladies and Gentlemen:

Pursuant to the Bond Purchase Agreement dated September \_\_, 1992 (the "Purchase Agreement"), between \_\_\_\_\_, as Underwriters (collectively, the "Underwriter"), and The Essex County Improvement Authority (the "Authority"), the Authority proposes to sell to the Underwriter all of its "Property and Equipment Leasing Program County Guaranteed Pooled Revenue Bonds, Series 1992" (the "Pooled Bonds"). In connection with the issuance of the Pooled Bonds, the Authority and the Board of Education of the Township of Nutley (the "Local Unit") will enter into an "Agreement With Respect to the \$ \_\_\_\_\_ Board of Education of the Township of Nutley General Obligation Bonds under the 1992 Property and Equipment Leasing Program of The Essex County Improvement Authority" dated as of September 1, 1992 (the "Agreement").

A portion of the proceeds of the Local Unit's general obligation bonds dated September \_\_, 1992 (the "Local Unit Bonds") will be used to finance the acquisition, construction, renovation and installation of certain capital improvements (the "Improvement Project") described in Exhibit A hereto. The Local Unit Bonds will be issued pursuant to the terms of a resolution of the Local Unit adopted \_\_\_\_\_, 1992 and entitled " \_\_\_\_\_ " (the "Local Unit Bond Resolution"). Unless otherwise defined in this letter, terms that are used as defined terms shall have the meanings ascribed to them in the Agreement.

In order to induce you to enter into the Purchase Agreement and to make the offering and sale of the Pooled Bonds, a portion of the proceeds of which will be invested in the purchase of the aggregate principal amount of the Local Unit Bonds therein contemplated, the Local Unit, intending to be legally bound, hereby covenants and agrees with you as follows:

(a) The terms of the Purchase Agreement are hereby approved and accepted by the Local Unit.

(b) The Local Unit hereby represents and warrants that on the date hereof:

(i) The Local Unit is a type II school district validly existing under the laws of the State of New Jersey, has all necessary licenses, approvals and permits required to acquire, construct, renovate and install the Improvement Project, and to implement the transactions contemplated by the Official Statement. The Local Unit has full right, power and authority to execute and deliver this Letter of Representations, the Tax Regulatory Agreement dated the date of issuance of the Local Unit Bonds (the "Tax Agreement") and the Agreement, to acknowledge the Purchase Agreement, to approve the Preliminary Official Statement and the Official Statement, to adopt the Local Unit Bond Resolution, to issue the Local Unit Bonds and to perform all other acts and things as provided for in the Agreement, the Local Unit Bond Resolution, the Bond Resolution, the Purchase Agreement, this Letter of Representations and as described in or as contemplated by the Official Statement.

(ii) The execution and delivery by the Local Unit of this Letter of Representations, the Tax Agreement, the Agreement and the Local Unit Bonds (hereinafter collectively referred to as the "Financing Documents") and the approval or acknowledgement, as the case may be, by the Local Unit of the Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Bond Resolution, and compliance with the provisions hereof and thereof, will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any existing law, court or administrative regulation, judgment, decree, order, agreement, indenture, mortgage, lease, sublease or other instrument to which the Local Unit is a party or by which it is bound; and will not result in the creation or imposition of any lien, encumbrance, mortgage, or other similar conflicting ownership or security interest in favor of any third person in or to the Local Unit's revenues, assets, properties, funds or interests.

(iii) The Local Unit is not in breach of or in default under any existing law, court or administrative regulation, judgment, decree, order, agreement, indenture, mortgage, lease, sublease or other instrument to which it is party or by which it is bound, and no event has occurred or is continuing that, with passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, except for such minor breaches, defaults or potential defaults or events of default, if any, which individually and in the aggregate would have no material adverse affect on the Local

Unit's financial condition, operations or properties. No default, event of default or event which with notice or lapse of time or both, would constitute a default or an event of default on behalf of the Local Unit under the Bond Resolution, the Financing Documents or any other material agreement or material instrument to which the Local Unit is a party, or by which it is bound or to which any of its property is subject, has occurred and is continuing.

(iv) The unaudited internal documents and financial statement provided by the Local Unit and representations made to its accountants in connection with the "cold comfort" letter described in the Purchase Agreement are true and correct, and the Local Unit knows of no events or facts not conveyed to its accountants which would have any material effect on the aforesaid letter.

(v) The excerpts from the audited financial statements of the Local Unit for the fiscal years ended June 30 31, 1989, 1990, 1991 and 1992 and contained in Appendix B to the Preliminary Official Statement and the Official Statement present fairly the financial position of the Local Unit at the dates indicated and the results of operations for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the proceeds involved, except as otherwise stated in the notes thereto.

(vi) Since June 30, 1992, there has been no material adverse change in the financial position or results of operations of the Local Unit nor has the Local Unit incurred any material liabilities except as set forth in or contemplated by the Preliminary Official Statement and the Official Statement or disclosed to you in writing.

(vii) The Local Unit has duly authorized all necessary action to be taken by it for (A) the issuance and sale of the Local Unit Bonds by the Local Unit upon the terms and conditions set forth in the Local Unit Bond Resolution, the Official Statement and the Purchase Agreement (B) the approval of the Preliminary Official Statement, the Official Statement and the Bond Resolution, (C) the acknowledgment of the Purchase Agreement and (D) the execution, delivery and performance under the Financing Documents and any and all such other agreements and documents as may be required to be executed and delivered by the Local Unit in order to carry out, effectuate and consummate the transaction contemplated hereby and by the Purchase Agreement, the Official Statement, the Financing Documents, the Bond Resolution and the Local Unit Bonds.

(viii) The description and information contained under the headings "THE PROJECTS - Improvements, Series 1992[]"

Project," "SECURITY FOR THE POOLED BONDS - The School Agreement," "SECURITY FOR THE POOLED BONDS - The School Bond" and "ABSENCE OF MATERIAL LITIGATION - The Local Units" (but only with respect to the Local Unit) and in Appendix B of the Preliminary Official Statement and the Official Statement and any other information contained therein relating to and provided directly or indirectly by the Local Unit regarding the operations, financial and other affairs of the Local Unit, the application of the proceeds from the sale of the Local Unit Bonds and the Local Unit's participation in the transactions contemplated by the Bond Resolution, the Financing Documents, the Preliminary Official Statement and the Official Statement are, and at the closing will be, correct in all material respects and do not contain and will not contain any untrue statement of a material fact and do not omit and will not omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(ix) Except as described in the Preliminary Official Statement or the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any public board or body pending or, to the knowledge of the Local Unit, threatened against or affecting the Local Unit or, to the knowledge of the Local Unit, any meritorious basis for such an action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the Local Unit, the transactions contemplated by the Purchase Agreement and the Official Statement; or would have an adverse effect on the validity or enforceability of the Local Unit Bonds, the Bond Resolution, any of the Financing Documents, the Purchase Agreement, or any material agreement or instrument by which the Local Unit is bound; or would in any way contest the corporate existence or powers of the Local Unit.

(x) Each of the Financing Documents, when executed and delivered or finally adopted, as the case may be, by the Local Unit, will be, and this Letter of Representations constitutes, the legal, valid and binding obligation of the Local Unit enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and as to the availability of equitable remedies.

(xi) The Local Unit has not been in default with respect to the payment of principal or interest on any obligation evidencing an indebtedness at any time.

(xii) The Local Unit covenants and agrees that between the date hereof and Closing it will not cause or permit

to occur any action that would cause the representations and warranties made herein to be untrue as of the Closing.

(xiii) The Local Unit agrees to cooperate with the County to fulfill all conditions to the delivery of the County Guaranty.

(xiv) The Local Unit agrees to cooperate with the Underwriter to obtain the highest rating possible on the Pooled Bonds from Standard & Poor's Corporation or Moody's Investors Service or any other rating agency utilized to market the Pooled Bonds.

(xv) The Local Unit agrees to cooperate with the Underwriter and its counsel in any reasonable endeavor to qualify the Pooled Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriter may request. The Local Unit consents to the use of the Preliminary Official Statement and drafts of the Official Statement prior to the availability of the Official Statement by the Underwriter in obtaining such qualification.

(xvi) The Local Unit authorizes the Official Statement and the information contained therein to be used in connection with the public offering and sale of the Pooled Bonds, and ratifies and approves the prior distribution of the Preliminary Official Statement by the Underwriter. If between the date hereof and the day of Closing any event shall occur which would cause the Official Statement, as then supplemented or amended, as it relates to the Local Unit or as to any other matters of which the Local Unit has knowledge, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein as they relate to the Local Unit, in the light of the circumstances under which they were made, not misleading, the Local Unit will notify the Underwriter and the Authority of such event and if in the reasonable opinion of the Local Unit, the Authority or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Local Unit will furnish such information as may be necessary to correct such misstatement or omission as it relates to the Local Unit and will cooperate to cause the Official Statement to be amended or supplemented in a form approved by the Underwriter and the Authority.

(xvii) The Local Unit agrees to indemnify and hold harmless the Underwriter, the Authority, each director, officer or employee of the Underwriter or the Authority, and each person, if any, who controls any Underwriter or the Authority within the meaning of the Securities Act of 1933, as amended, from and against all losses, claims, damages, liabilities and expenses, joint or several, to which the Underwriter or the Authority, or

such controlling person may become subject, under federal laws or regulations, or otherwise, insofar as such losses, claims, damages, liabilities and expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact pertaining to and provided by the Local Unit as set forth in the Preliminary Official statement or the Official Statement, or any amendment or supplement thereto, or arise out of or based upon the willful or negligent omission or alleged omission to state therein a material fact pertaining to the Local Unit required to be stated therein or necessary to make such statements not misleading, and will assume the defense of any action against the Underwriter or the Authority or any director, officer or employee of the Underwriter or the Authority and the payment of counsel fees and all other expenses relating to such defense; provided, however, that the Underwriter, the Authority or any officer or employee of the Underwriter or the Authority may retain separate counsel in any action and may participate in the defense thereof at the expense of the Underwriter or the Authority or such officer or employee of the Underwriter or the Authority unless the Local Unit's payment for the retaining of such counsel has been specifically authorized by the Local Unit. This indemnity agreement will be in addition to any liability which the Local Unit may otherwise have.

(xviii) Promptly after receipt by an indemnified party under this Letter of Representations of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the Local Unit under this Letter of Representations, promptly notify the Local Unit of the commencement thereof. In case any such action is brought against any indemnified party, and it notifies the Local Unit of the commencement thereof, the Local Unit (i) will assume the defense thereof if and as required under this Letter of Representations, or (ii) if not required to assume the defense, will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party. After notice from the Local Unit to such indemnified party of its assumption of the defense, the Local Unit will not be liable to such indemnified party in connection with the costs of the defense thereof other than reasonable expenses incurred by the Underwriter, the Authority and their counsel, reimbursement of out-of-pocket expenses, and reasonable costs of investigation incurred prior to receipt of such notice from the Local Unit.

(xix) All approvals, consents and orders of the general public, any governmental authority, legislative body, board agency or commission having jurisdiction, which constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Local Unit of its

obligations under the Financing Documents have been, or prior to the Closing will have been, duly obtained.

(xx) The representations and warranties of the Local Unit in the Financing Documents and all other agreements related thereto or by which the Local Unit is bound are true, accurate, complete and correct.

All representations, warranties, agreements and indemnities in this Letter of Representations shall remain operative and survive in full force and effect subsequent to and regardless of delivery of and payment for the Local Unit Bonds hereunder.

Your acceptance of this Letter of Representations shall be confirmed by your signing and returning to the Local Unit a duplicate hereof.

Very truly yours,  
BOARD OF EDUCATION OF THE  
TOWNSHIP OF NUTLEY

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

Accepted as of the date  
first above written

\_\_\_\_\_ as  
representative of the Underwriter

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

**EXHIBIT A**  
**DESCRIPTION OF PROJECT**