

## **NOTICE OF SALE**

**\$29,795,000\***

### **PASSAIC VALLEY SEWERAGE COMMISSIONERS (State of New Jersey)**

#### **SEWER SYSTEM BONDS, SERIES I**

**NOTICE IS HEREBY GIVEN** that the Passaic Valley Sewerage Commissioners (the "Commission") will receive, until 11:00 a.m., New Jersey time, on Wednesday, July 13, 2016 (unless postponed in accordance with the terms hereof, the "Bid Date"), electronically via the PARITY Electronic Bid Submission System ("PARITY") of i-Deal LLC ("i-Deal"), in the manner described below, proposals (the "Proposals") for the purchase of all of the Commission's \$29,795,000\* aggregate principal amount of Sewer System Bonds, Series I (the "Series I Bonds").

The Commission will not consider Proposals for the purchase of the Series I Bonds received by any means other than as set forth under the caption "Procedures Regarding Electronic Bidding" herein, or after 11:00 a.m., New Jersey time (or the time for receipt of bids set forth in any postponement notice), on the Bid Date. All Proposals for the Series I Bonds must conform with every term, requirement and condition set forth in this Notice of Sale, including, without limitation, the provision of the Deposit (as hereinafter defined), subject to the Commission's rights set forth herein.

Simultaneously with the issuance of the Series I Bonds, the Commission expects to issue its Sewer System Bonds, Series H, in the aggregate principal amount of \$78,500,000\*\* (the "Series H Bonds"). The Series H Bonds are being offered by the Commission pursuant to a separate Notice of Sale (the "Series H Notice of Sale"), and are not offered pursuant to this Notice of Sale. Reference is made to the Series H Notice of Sale for a description of the Series H Bonds.

**ALTHOUGH THE SERIES I BONDS AND THE SERIES H BONDS WILL BE ISSUED SIMULTANEOUSLY BY THE COMMISSION, AWARD BY THE COMMISSION OF THE SERIES I BONDS IS NOT CONDITIONED UPON THE AWARD BY THE COMMISSION OF THE SERIES H BONDS.**

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Preliminary Official Statement, dated July 5, 2016, disseminated by the Commission in connection with the sale of the Series H Bonds and the Series I Bonds (the "Preliminary Official Statement"). A copy of the Preliminary Official Statement in electronic format can be obtained at [www.prospectushub.com](http://www.prospectushub.com).

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\* Subject to adjustment in accordance with this Notice of Sale.

\*\* Subject to adjustment in accordance with the Series H Notice of Sale.

Persons considering a purchase of the Series I Bonds should read (i) the Preliminary Official Statement in its entirety, including, without limitation, the cover and the inside cover thereof and the appendices thereto, and (ii) this Notice of Sale in its entirety, including, without limitation, the requirements herein under the headings "Compliance with L. 2005, c. 51", "Compliance with L. 2005, c. 271 Reporting Requirement" and "Compliance with L. 2012, c. 25 - Certification of Non-Involvement in Prohibited Activities in Iran".

**The Series I Bonds.** The Series I Bonds will be dated the date of issuance thereof and will bear interest from such dated date, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2016, at the rate or rates per annum specified in the Proposal for the Series I Bonds of the Successful Bidder (as hereinafter defined) therefor until maturity (stated or otherwise). Interest on the Series I Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and will be payable in lawful money of the United States of America.

The Series I Bonds will be issued initially as registered bonds in book-entry-only form. For so long as The Depository Trust Company ("DTC"), or its nominee, Cede & Co., is the registered owner of the Series I Bonds, payments of principal of and interest on the Series I Bonds will be made directly by wire transfer to Cede & Co. Disbursement of such payments to the DTC participants is the responsibility of DTC, and further disbursement of such payments from the DTC participants to the beneficial owners of the Series I Bonds is the responsibility of the DTC participants.

The Series I Bonds will be issued as fully registered bonds in the denomination of one bond per aggregate principal amount of the stated maturity thereof and registered in the name of DTC or its nominee, Cede & Co. DTC will act as securities depository for the Series I Bonds. For so long as the Series I Bonds are registered in book-entry-only form, purchases of the Series I Bonds will be made in book-entry-only form (without certificates) in principal amounts of \$5,000 or any whole multiple thereof. It shall be the obligation of the Successful Bidder to furnish, not less than seven (7) days prior to the Closing Date (as hereinafter defined), (i) to DTC, an underwriter's questionnaire, and (ii) to the Commission, the CUSIP numbers for the respective Series of Series I Bonds.

**Amortization.** The Series I Bonds will mature on December 1 of the following years and, subject to adjustment in accordance with the terms hereof, in the following "Preliminary Principal Amounts":

<b>Year</b>	<b>Preliminary Principal Amount*</b>	<b>Year</b>	<b>Preliminary Principal Amount*</b>
2017	\$1,000,000	2027	\$1,480,000
2018	1,040,000	2028	1,540,000
2019	1,085,000	2029	1,600,000
2020	1,125,000	2030	1,665,000
2021	1,170,000	2031	1,735,000
2022	1,220,000	2032	1,800,000
2023	1,265,000	2033	1,875,000
2024	1,315,000	2034	1,950,000
2025	1,370,000	2035	2,025,000
2026	1,425,000	2036	2,110,000

**Adjustment of Preliminary Principal Amounts of Series I Bonds; Modification or Clarification Prior to Opening of Bids.** The Commission may, in its sole discretion and prior to the opening of bids, (i) adjust the Preliminary Principal Amount of one or more maturities of the Series I Bonds, and, correspondingly, the aggregate Preliminary Principal Amount of the Series I Bonds, and/or (ii) modify or clarify any other term hereof, by issuing a notification of the adjusted amounts, the modification or the clarification via Thomson Municipal Market Monitor (or some other municipal news wire service recognized by the municipal securities industry, "Thomson News Service") no later than 9:00 a.m., New Jersey time, on the Bid Date.

**Adjustment of the Series I Bonds After Award.** The Commission may, in its sole discretion, after the receipt and opening of the bids and the award of the Series I Bonds, adjust the Preliminary Principal Amount of one or more maturities of the Series I Bonds, and, correspondingly, the aggregate Preliminary Principal Amount of the Series I Bonds (as adjusted, the "Final Principal Amounts"); provided, however, that such adjustment to one or more maturities of the Preliminary Principal Amount of the Series I Bonds, in the aggregate, shall not exceed 10% of the aggregate Preliminary Principal Amount of the Series I Bonds at the time of the opening of bids.

The dollar amount bid by the Successful Bidder for the Series I Bonds shall be adjusted to reflect any adjustments in the aggregate principal amount of the Series I Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and the original issue premium or discount, but will not change the per bond underwriter's discount as calculated from the bid and the Initial Public Offering Prices (as hereinafter defined) required to be delivered to the Commission as stated herein. The Commission shall notify the Successful Bidder of the Final Principal Amounts and the resulting adjusted purchase price no later than 4:00 p.m., New Jersey time, on the day of the sale and award of the Series I Bonds.

**Bid Specifications and Procedures.** To be considered, any Proposal for the Series I Bonds submitted to the Commission must be unconditional and must conform to all of the requirements stated in this Notice of Sale.

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\* Subject to adjustment in accordance with this Notice of Sale

A bidder must set forth the purchase price of the Series I Bonds in the manner set forth in PARITY.

The purchase price for the Series I Bonds must equal or exceed \$29,795,000,\* which is 100%\* of the aggregate Preliminary Principal Amount thereof. The interest rate specified with respect to each maturity of the Series I Bonds may not be less than 1.00% per annum or greater than 5.00% per annum.

The Commission will, if applicable, adjust the purchase price of the Successful Bidder in accordance with the prior section of this Notice of Sale entitled "Adjustment of the Series I Bonds After Award". THE SUCCESSFUL BIDDER MAY NOT WITHDRAW OR MODIFY ITS BID ONCE SUBMITTED TO THE COMMISSION FOR ANY REASON, INCLUDING, WITHOUT LIMITATION, AS A RESULT OF ANY INCREASE OR DECREASE IN THE FINAL PRINCIPAL AMOUNTS AND THE PURCHASE PRICE OF THE SERIES I BONDS.

Bidders for the Series I Bonds may specify one interest rate for all of the Series I Bonds or may specify different interest rates for each maturity of the Series I Bonds, provided that the same interest rate applies to all Series I Bonds maturing in the same year. All interest rates on the Series I Bonds must be set forth by the bidders in their Proposal for the Series I Bonds in a multiple of 1/8th or 1/20th of one per centum per annum.

Bidders for the Series I Bonds shall be deemed to have designated all Final Principal Amounts with respect to the Series I Bonds as serial bond maturities *unless* such bidder designates one or more term bond maturities as follows (the "Term Bond Option"). If the Term Bond Option is selected with respect to one or more term bond maturities, the Final Principal Amounts with respect to the Series I Bonds due on December 1 in any year from 2027 through and including 2036 may be designated by a bidder as consecutive sinking fund installments coming due on December 1 in each of the designated years with the remaining balance due on the respective term bond maturity date with respect to such term bond. Bidders selecting the Term Bond Option shall adhere to the instructions set forth in PARITY with respect to their selection (within the parameters set forth herein) of the Term Bond Option.

Each term bond maturity designated using the instructions set forth in PARITY shall include all consecutive sinking funds installments therefor and shall be equal in aggregate Preliminary Principal Amount to, and with amortization requirements corresponding to, the corresponding consecutive serial bond maturities with respect to the Series I Bonds as set forth in PARITY.

Bidders with respect to the Series I Bonds shall adhere to the instructions set forth in PARITY with respect to the submission of the prices at which the Successful Bidder intends that each stated maturity of the Series I Bonds shall initially be offered to the public, which for this purpose excludes bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers (the "Initial Public Offering Prices"). The Successful Bidder shall make a bona fide initial public offering of the Series I Bonds at the Initial Public Offering Prices set forth in PARITY.

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\* Subject to adjustment in accordance with this Notice of Sale.

All Proposals for Series I Bonds must be submitted in accordance with the procedures set forth herein under the heading "Procedures Regarding Electronic Bidding". ALL BIDS MUST BE SUBMITTED BY AN AUTHORIZED REPRESENTATIVE OF THE BIDDER. The Commission reserves the right to (i) reject, at its sole discretion, any or all Proposals for the Series I Bonds for any reason, including, without limitation, (a) the prevailing interest rate and other market conditions that exist on the Bid Date and (b) any non-compliance with or non-responsiveness to the terms hereof, (ii) so far as permitted by law and pursuant to its sole discretion, (a) waive any irregularities or informalities in Proposals for the Series I Bonds and/or (b) make any adjustments to Proposals for the Series I Bonds as provided in this Notice of Sale, and (iii) generally take such action, at its sole discretion, as it deems will best serve the interests of the Commission or any other public interest. All bids that are submitted electronically via PARITY pursuant to the procedures described below shall be deemed to incorporate by reference all of the terms and conditions of this Notice of Sale.

The Commission further reserves the right to postpone or reschedule, from time to time, the Bid Date and/or the Closing Date for the Series I Bonds. ANY SUCH POSTPONEMENT OR RESCHEDULING WILL BE ANNOUNCED VIA THOMSON NEWS SERVICE NO LATER THAN THE FOLLOWING TIMES ON THE LAST ANNOUNCED DATE FOR THE RECEIPT OF BIDS: (I) IF PRIOR TO THE RECEIPT OF BIDS, 9:00 A.M., NEW JERSEY TIME, OR (II) IF THERE IS NO SUCCESSFUL BIDDER FOR THE SERIES I BONDS FOR ANY REASON IN ACCORDANCE WITH THE TERMS OF THIS NOTICE OF SALE, 4:00 P.M., NEW JERSEY TIME. Any such alternative Bid Date and the time at which bids are next due will be announced via Thomson News Service at least forty-eight (48) hours, exclusive of weekends and State holidays, before bids are next due. On any such alternative Bid Date, bidders shall submit Proposals for the Series I Bonds in conformity with all of the requirements hereof, other than the date of submission and sale and any further or contrary provisions set forth in such announcement or in any adjustment, modification or clarification announcement referred to, above, which further or contrary provisions must be complied with by all bidders.

All properly completed Proposals for the Series I Bonds must be submitted in the manner described below under the heading "Procedures Regarding Electronic Bidding".

**Good Faith Deposit.** Each bidder submitting a Proposal for the Series I Bonds must provide, no later than 11:00 a.m., New Jersey time, on the Bid Date, either (i) a certified or cashier's check in the amount of \$595,900.00 payable to the order of the "Passaic Valley Sewerage Commission" or (ii) an electronic transfer of immediately available federal funds in the amount of \$595,900.00 in accordance with the wiring instructions set forth below (such check or electronic transfer of funds being hereinafter referred to as the "Deposit").

If a check is used in satisfaction of the Deposit requirement, it must be received by the Chief Financial Officer of the Commission at the offices of the Commission, located at 600 Wilson Avenue, Newark, New Jersey 07105 (via any available means, including, without limitation, overnight delivery and hand delivery) no later than 11:00 a.m., New Jersey time, on the Bid Date, and MUST BE ACCOMPANIED BY detailed address information for the return thereof in the event that such bidder is not the Successful Bidder.

A bidder providing the Deposit via electronic transfer of immediately available federal funds shall electronically transmit such funds to The Bank of New York Mellon, the Trustee for the Series I Bonds (the "Trustee") pursuant to the Resolution (as hereinafter defined), as follows:

RBK:	The Bank of New York Mellon
ABA:	021000018
BNF:	PVSC 2016 Ser I Good Faith Deposit Fd.
Beneficiary Account #	7487858400
Ref.:	PVSC Good Faith Deposit-Series I Bonds
Contact:	Janet Russo, Vice President
Phone:	(973) 357-7058
Email:	janet.russo@bnymellon.com

If an electronic transfer of funds is used in satisfaction of the Deposit requirement, such funds must be received in the account identified in the preceding paragraph no later than 11:00 a.m., New Jersey time, on the Bid Date, and **MUST BE ACCOMPANIED BY** detailed wiring instructions for the return thereof in the event that such bidder is not the Successful Bidder. In order to facilitate the confirmation by the Commission of its receipt of a Deposit provided via an electronic transfer of funds prior to the deadline for receipt thereof, the Commission encourages bidders to transmit the "fed reference number" with respect to such bidder's electronic transfer of funds by means of an electronic mail sent to janet.russo@bnymellon.com and jkelly@pvsc.com, as soon as such reference number is received by the bidder. Please note that the contact information (i.e., telephone and e-mail address) with respect to the Trustee, set forth in this paragraph and the wiring instructions set forth above, should be used by bidders only for the purposes of (i) confirming receipt of electronic transfers of funds and (ii) the transmittal of instructions for the return of such electronic transfers of funds in the event that such bidder is not the Successful Bidder, and should NOT be used for questions or other information relating to this Notice of Sale or the Series I Bonds.

**THE COMMISSION IS NOT RESPONSIBLE FOR A CHECK OR WIRE TRANSFER THAT IS TRANSMITTED BY, OR ON BEHALF OF, A BIDDER BUT IS NOT RECEIVED AT OR PRIOR TO 11:00 A.M., NEW JERSEY TIME, ON THE BID DATE, AND EACH BIDDER IS SOLELY RESPONSIBLE FOR CONFIRMING RECEIPT OF ITS DEPOSIT AT OR PRIOR TO SUCH TIME.**

The checks and electronic transfers of funds of unsuccessful bidders for the Series I Bonds will be returned following the award of the Series I Bonds. Checks will be returned via overnight mail to be sent on the Bid Date by the Commission to the applicable unsuccessful bidders, provided that detailed address information for the return thereof (as required above) has been provided to the Commission by such unsuccessful bidders. It is the intent of the Commission that electronic transfers of funds will be returned via wire transfer to the unsuccessful bidders on the Bid Date, provided that wiring instructions (as required above) have been provided by such unsuccessful bidder at the time of transmission of the Deposit to the Trustee. Neither the Commission nor the Trustee shall bear any liability for any delay that may occur in the return to an unsuccessful bidder of a Deposit check or an electronic transfer of the Deposit.

Interest earned on the Deposit provided by the Successful Bidder will be credited to the Commission for its general corporate purposes and will not be available to the Successful Bidder for any purpose thereof.

Concurrently with the delivery of and payment for the Series I Bonds on the Closing Date, the principal amount of the Deposit for the Series I Bonds will be applied as partial payment for the Series I Bonds. In the event that the Commission shall fail to deliver the Series I 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 Series I Bonds, or if such obligations shall be terminated for any of the reasons specified herein, the principal amount of such Deposit shall immediately be returned to the Successful Bidder as and for full liquidated damages and in full release of any claims that the Successful Bidder might have against the Commission on account of the Commission's failure to deliver the Series I Bonds. In the event the Successful Bidder shall fail (other than for the reasons permitted pursuant to this Notice of Sale) to accept delivery of and pay for the Series I Bonds on the Closing Date, the Deposit shall be retained by the Commission as and for full liquidated damages and in full release of any claims that the Commission might have against the Successful Bidder on account of the Successful Bidder's failure to accept delivery of and pay for the Series I Bonds.

**Municipal Bond Insurance.** The Commission has been pre-approved for commitments for municipal bond insurance policies for the Series I Bonds from the following:

Assured Guaranty Corp. ("AGC")  
Assured Guaranty Municipal Corp., f/k/a FSA ("AGMC")  
Build America Mutual ("BAM")  
Municipal Assurance Corp. ("MAC")  
National Public Finance Guarantee Corp. ("NPMFG");

Such commitments, if and when received, shall provide for policies of municipal bond insurance under such conditions and containing such terms as may be provided therein or in the policies of the respective insurers. Such commitments and/or policies as are received are incorporated herein by reference. If a commitment for insurance is received, the bidders may bid for the Series I Bonds with or without such insurance (and if multiple commitments are received, specifying the insurer). **Any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Series IBonds resulting from such insurance, unless otherwise paid, shall be paid by the Successful Bidder.** Any failure of the Series I Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Series I Bonds.

Interested bidders can view the identity of insurers from whom commitments have been received on the IPREO Summary page.

**Procedures Regarding Electronic Bidding.** Bids for the Series I Bonds may be submitted electronically via PARITY in accordance with this Notice of Sale, until 11:00 a.m., New Jersey time, on the Bid Date. No bid will be received 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 contact the Commission's financial advisor (using the contact information set forth in the final paragraph of this Notice of Sale) or may contact i-Deal at (212) 849-5024. By submitting a bid for the Series I Bonds via PARITY, the bidder further agrees that:

1. If such bid is accepted by the Commission, the terms of 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 upon any bidder's use of PARITY, including, but not limited to, any failure by PARITY to correctly or timely transmit either information provided by the Commission or information provided by the bidder.

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

4. Each bidder shall be solely responsible for making necessary arrangements to access PARITY for purposes of submitting its bid electronically in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Commission nor PARITY shall have any duty or obligation to provide or assure access to PARITY for any bidder, and neither the Commission nor PARITY 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 bidding for the Series I Bonds. By submitting a bid using PARITY, each bidder agrees to hold the Commission harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Series I Bonds.

**Basis of Award.** Unless all Proposals for the Series I Bonds are rejected, the Series I Bonds will be awarded by the Commission no later than approximately 12:00 p.m., New Jersey time, on the Bid Date, with Series I Bonds being awarded to the bidder offering such interest rate or rates and purchase price that will produce the lowest true interest cost to the Commission over the life of Series I Bonds (the "Successful Bidder").

True interest cost for the Series I Bonds (expressed as an annual interest rate) will be that annual interest rate being twice that factor or discount rate, compounded semiannually, that, when applied against each semiannual debt service payment (interest or principal and interest, as due) for the Series I Bonds, will equate the sum of such discounted semiannual payments to the bid price. The true interest cost for the Series I Bonds shall be calculated from their dated date (which shall be July 27, 2016 unless changed as described herein) and shall be based upon (i) the Preliminary Principal Amounts thereof and (ii) the purchase price set forth in the applicable Proposal for Series I Bonds. In the case of a tie for the Series I Bonds, the Commission may



select the Successful Bidder by lot. It is requested that each Proposal for the Series I Bonds be accompanied by a computation of such true interest cost to the Commission under the terms of such Proposal for the Series I Bonds in accordance with the instructions set forth in PARITY, but such computation is not to be considered as part of such Proposal for the Series I Bonds.

**Authority and Purpose.** The Series I Bonds are being issued by the Commission pursuant to the provisions of Chapter 14 of Title 58 of the Revised Statutes of New Jersey, as amended and supplemented (the “Act”), and a resolution of the Commission adopted on May 20, 1971 and entitled “Resolution Providing for the Issuance of Bonds of Passaic Valley Sewerage Commissioners and for the Rights of the Holders Thereof, and Authorizing \$23,700,000 Principal Amount Thereof”, as amended and supplemented (the “General Bond Resolution”), including as supplemented by Supplemental Resolution No. 16 relating thereto, adopted by the Commission on December 17, 2015 and which became effective on February 21, 2016 (“Supplemental Resolution No. 16” and, together with the General Bond Resolution, the “Resolution”).

The Series I Bonds will be issued for the primary purposes of (i) paying the costs of the planning, design, acquisition, improvement, renovation, replacement, construction and installation of the Projects (as defined in the Preliminary Official Statement), and (ii) paying the costs of issuance of the Series I Bonds.

**Security for Series I Bonds.** For a description of the security for the Series I Bonds, please see the Preliminary Official Statement, including, without limitation, the information contained therein under the heading "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS".

**Optional Redemption.** The Series I Bonds maturing on or prior to December 1, 2026 will not be subject to redemption prior to their respective stated maturity dates. The Series I Bonds will be subject to redemption, at the option of the Commission, in whole or in part, on any date on or after December 1, 2026 at a redemption price equal to 100% of the principal amount of the Series I Bonds being redeemed, plus accrued interest to the redemption date.

**Possibility of Mandatory Sinking Fund Redemption.** To the extent the Successful Bidder chooses the Term Bond Option, the term bond maturity or maturities of the Series I Bonds will be subject to mandatory sinking fund redemption prior to the stated maturity or maturities thereof by payment of sinking fund installments on December 1 in each of the years designated by the Successful Bidder in its Proposal for the Series I Bonds as sinking fund installment due dates, at a redemption price equal to 100% of the principal amount of the Series I Bonds to be redeemed, plus accrued interest to the redemption date.

**Notice of Redemption.** For so long as DTC, or its nominee, Cede & Co., is the registered owner of the Series I Bonds, notice of redemption of the Series I Bonds will be sent to DTC as provided in the Resolution. For so long as the Series I Bonds are registered in book entry only form, the Commission and/or the Trustee will not be responsible for sending notices of redemption of the Series I Bonds to anyone other than DTC or its nominee.

**Delivery and Payment.** It is expected that delivery of the Series I Bonds in definitive form will take place through the facilities of DTC, against payment of the purchase price thereof (less the Deposit) in IMMEDIATELY AVAILABLE FEDERAL FUNDS, at the offices of Wilentz, Goldman & Spitzer, P.A., bond counsel to the Commission ("Bond Counsel"), in Woodbridge, New Jersey, on or about July 27, 2016 (or the subsequent date for issuance of the Series I Bonds set forth in any postponement notice, the "Closing Date").

**Issue Price Certification.** Simultaneously with or before delivery of the Series I Bonds, the Successful Bidder therefor must furnish to the Commission a certificate acceptable to Bond Counsel to the effect that (i) the Successful Bidder has made a bona fide offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) of each stated maturity of the Series I Bonds at the respective Initial Public Offering Prices set forth in its Proposal for the Series I Bonds, (ii) ten percent (10%) or more in par amount of each stated maturity of the Series I Bonds was first sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the Initial Public Offering Price for such stated maturity set forth in its Proposal for the Series I Bonds, and (iii) at the time the Successful Bidder submitted its bid and the related Proposal for the Series I Bonds, based upon then prevailing market conditions, the fair market value of each stated maturity of the Series I Bonds was the Initial Public Offering Price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) set forth in its Proposal for the Series I Bonds for such stated maturity of the Series I Bonds. Such certificate shall also state (i) such other information reasonably requested by Bond Counsel to assist in establishing the issue price (within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended) of the Series I Bonds and (ii) that such certificate is made to the best knowledge, information and belief of the Successful Bidder.

**Closing.** The Successful Bidder agrees to provide to the Commission, within twenty-five (25) days after the Closing Date, a report showing the allocation of the Series I Bonds received by each member of the underwriting syndicate therefor and that portion of the underwriting fee allocable to each member of the underwriting syndicate.

The Successful Bidder may, at its option, refuse to accept the Series I Bonds if subsequent to the Bid Date but prior to the Closing Date any income tax law of the United States of America or of the State of New Jersey (the "State") shall be enacted that shall, in the opinion of Bond Counsel, materially adversely affect (i) the excludability of interest on the Series I Bonds from gross income of the owners thereof for federal income tax purposes or (ii) the other material tax consequences attributable to the receipt of interest on the Series I Bonds described in the "TAX MATTERS" section of the Preliminary Official Statement. In such case, (i) the Commission shall have no obligation hereunder to deliver the Series I Bonds on the Closing Date, (ii) the Commission shall not be liable to any person for any damages arising out of such non-delivery of the Series I Bonds, and (iii) the principal amount of the Deposit will be returned to the Successful Bidder who, in turn, will be relieved of its contractual obligations arising from the Commission's acceptance of its Proposal for the Series I Bonds.

The obligations hereunder to deliver and to accept delivery of and pay for the Series I Bonds are conditioned upon the availability and the delivery on the Closing Date of a copy of the

approving opinion of Bond Counsel applicable to the Series I Bonds, including one copy thereof manually signed, substantially in the form set forth in Appendix G to the Preliminary Official Statement, which opinion shall be furnished to the Successful Bidder of the Series I Bonds without cost.

The obligations hereunder to deliver and to accept delivery of and pay for the Series I Bonds shall be further conditioned upon the availability and the delivery to the Successful Bidder on the Closing Date of (i) certificates in form and substance satisfactory to Bond Counsel evidencing the proper execution and delivery of the Series I Bonds and receipt of payment therefor, (ii) a certificate of Elvin Esteves, Esq., General Counsel to the Commission, dated the Closing Date, to the effect that there is no litigation pending or (to his knowledge) threatened affecting the validity of the Series I Bonds or, in lieu of such statement, statements by him that, in his opinion, the issues raised in any such pending or threatened litigation, insofar as they affect the validity of the Series I Bonds, are without substance or that the contention of any plaintiffs therein that affects the validity of the Series I Bonds is without merit, (iii) one manually signed copy of the Official Statement (as hereinafter defined), (iv) a supplemental opinion of Bond Counsel, including one copy thereof manually signed, to the effect that the Official Statement (other than the information contained under the caption "THE SERIES H AND I BONDS — Book-Entry-Only System" and in Appendices B, C, D and E thereto, and all financial and statistical data contained therein, as to which no opinion need be expressed), as of its date and on the Closing Date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and (v) a certificate of the Chairman, Vice-Chairman or Executive Director of the Commission stating that (a) the Official Statement (other than the information contained under the caption "THE SERIES H AND I BONDS — Book-Entry-Only System" and in Appendix B thereto, as to which no statement need be made), as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and (b) there has been no material adverse change in the financial condition and affairs of the Commission during the period from the date of the Official Statement to and including the Closing Date that was not disclosed in or contemplated by the Official Statement.

**Preliminary and Final Official Statements.** The Commission, by accepting the Proposal for the Series I Bonds submitted by the Successful Bidder, (i) certifies to the Successful Bidder, as of the date of acceptance of such Proposal for the Series I Bonds, that the Preliminary Official Statement furnished to it prior to the date of such acceptance has been "deemed final" as of its date by the Commission within the meaning and for the purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and supplemented ("Rule 15c2-12"), except for certain omissions permitted thereunder and except for changes permitted thereby and by other applicable law, (ii) agrees to provide the Successful Bidder, in order to permit the Successful Bidder to comply with Rule 15c2-12, up to 100 copies of the final Official Statement, substantially in the form of the Preliminary Official Statement with such changes thereto and insertions therein as shall be necessary to comply with Rule 15c2-12 (the "Official Statement"), to be disseminated by the Commission in connection with the sale by the Commission of the Series I Bonds within the period of time allowed under Rule 15c2-12 for the dissemination thereof, at the sole cost and expense of the Commission, with any additional

copies that the Successful Bidder shall reasonably request to be provided at the sole cost and expense of the Successful Bidder, and (iii) undertakes, through the adoption of the Resolution and through the execution and delivery of the Continuing Disclosure Agreement for the Series I Bonds, to deliver certain information relating to the Commission as a material "obligated person" (within the meaning and for the purposes of Rule 15c2-12). The Successful Bidder, by executing its Proposal for the Series I Bonds, agrees (i) to provide one electronic copy of the final Official Statement (with any required forms) to the Municipal Securities Rulemaking Board (the "MSRB") or its designee pursuant to MSRB Rule G-32 no later than ten business days following the date of acceptance of its bid, (ii) to comply with all other applicable provisions of Rule 15c2-12 and MSRB Rule G-32, and (iii) that, unless it notifies the Commission otherwise in writing prior to the Closing Date, the "end of the underwriting period" for the Series I Bonds for all purposes of Rule 15c2-12 shall be the Closing Date. The Successful Bidder shall notify the Commission of the date on which the final Official Statement is filed with the MSRB or its designee. Copies of the Preliminary Official Statement may be obtained at the offices listed in the last paragraph of this Notice of Sale.

**Compliance with P.L. 2005, c. 51.** By submitting a Proposal for the Series I Bonds to the Commission, each bidder represents and warrants for itself and the other underwriters participating in the bid (together with the bidder, the "Syndicate Members"), as follows: (i) each Syndicate Member has submitted to the Commission all information, certifications and disclosure statements required pursuant to (a) P.L. 2005, c. 51, enacted March 22, 2005, which codified Executive Order No. 134 (McGreevey 2004) ("P.L. 2005, c. 51"), and (b) Executive Order No. 117 (Corzine 2008) ("Executive Order 117"), and each Syndicate Member is in full compliance with the provisions of P.L. 2005, c. 51 and Executive Order 117; (ii) all information, certifications and disclosure statements previously submitted to the Commission pursuant to P.L. 2005, c. 51 and Executive Order 117 by each Syndicate Member are true and correct as of the date hereof; (iii) the representations and warranties set forth in clauses (i) and (ii) hereof have been made by the bidder with full knowledge that the Commission, in engaging the Successful Bidder in connection with the award of the Series I Bonds, shall rely upon the truth thereof and the truth of the information, certifications and disclosure statements referred to therein; and (iv) on the Closing Date, the Successful Bidder shall, on behalf of itself and the Syndicate Members, execute and deliver to the Commission a certificate to the effect that the representations and warranties set forth in clauses (i), (ii) and (iii) hereof are true and correct as of the Closing Date.

For helpful information concerning P.L. 2005, c. 51 and Executive Order 117 (including the full text thereof), please see the following website of the State Treasurer's office: <http://www.state.nj.us/treasury/purchase/execorder134.shtml>.

**Compliance with P.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 (P.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 receives compensation or 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 the responsibility of each Successful Bidder 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 <http://www.elec.state.nj.us>.

**Compliance with L. 2012, c. 25 - Certification of Non-Involvement in Prohibited Activities in Iran.** Pursuant to N.J.S.A. 52:32-58 (L 2012, c. 25, Section 4), the Successful Bidder will be required to file with the Commission, on or prior to the Closing Date, a certification (the form of which certification is available at the following website: <http://www.state.nj.us/treasury/purchase/forms/StandardRFPForms.pdf>) that neither such Successful Bidder, nor any of its parents, subsidiaries, and/or affiliates (as defined in N.J.S.A. 52:32-56(e)(3)), is listed on the New Jersey Department of the Treasury's List of Persons or Entities Engaging in Prohibited Investment Activities in Iran (a copy of which is available at <http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf>). If a bidder is unable to so certify, the bidder shall provide a detailed and precise description of such activities. If any bidder has not previously submitted the certification required pursuant to L. 2012, c. 25 or has any questions concerning the requirements of L. 2012, c. 25, such bidder should contact the Chief Financial Officer of the Commission at (973) 817-5998. The certification must be submitted to the Commission, Attention: Chief Financial Officer, via electronic mail to [jkelly@pvsc.com](mailto:jkelly@pvsc.com). **Compliance with the certification requirement set forth in this paragraph is a material term and condition pursuant to this Notice of Sale and is binding upon each bidder.**

\* \* \*

The foregoing is not intended as a complete summary of all of the provisions of the Resolution and the Preliminary Official Statement. For further information with respect thereto, reference is hereby made to the Resolution and the Preliminary Official Statement.

Copies of the Preliminary Official Statement and this Notice of Sale for the Series I Bonds may be obtained from Joseph F. Kelly, Chief Financial Officer of the Commission, at (973) 817-5998 or from Public Financial Management, Inc., financial advisor to the Commission, 1735 Market Street, 43<sup>rd</sup> Floor, Philadelphia, Pennsylvania 19103, Attention: Geoffrey Stewart (telephone (215) 567-6100).

**Gregory A. Tramontozzi, Esq.**  
**Executive Director**  
**Passaic Valley Sewerage Commission**

Dated: July 5, 2016

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