



New Jersey
Environmental
Infrastructure Trust

"Financing New Jersey's
Water Quality Future"

Robert A. Briant, Sr., Chairman
Warren H. Victor, Vice Chairman
Herbert Barrack, Treasurer
Steven Gardner, Secretary
Andrew P. Sidamon-Eristoff, State Treasurer
Bob Martin, DEP Commissioner
Lori Grifa, DCA Commissioner

David E. Zimmer, Executive Director

February 17, 2011

Honorable Chris Christie
Governor of the State of New Jersey
State House
PO Box 001
Trenton, New Jersey 08625

Dear Governor Christie:

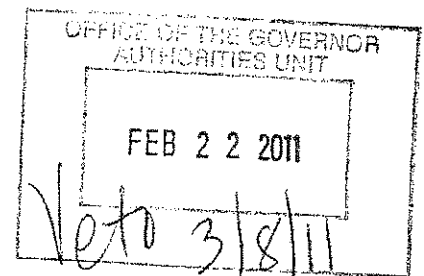
In accordance with the provisions of the New Jersey Environmental Infrastructure Trust Act, I hereby transmit for your review and consideration the minutes of the February 17, 2011 meeting of the New Jersey Environmental Infrastructure Trust. The New Jersey Environmental Infrastructure Trust Act provides that the Governor has ten days from the delivery of the minutes, excluding weekends and holidays, to review and accept such minutes. In the event that the minutes are not acted upon within the statutory time frame by you, the minutes become effective automatically.

Sincerely,

Steven Gardner
Secretary

Enclosure

c Honorable Stephen Sweeney, President of the Senate
Honorable Sheila Oliver, Speaker of the General Assembly





Robert A. Briant, Sr., Chairman
Warren H. Victor, Vice Chairman
Herbert Barrack, Treasurer
Steven Gardner, Secretary
Andrew P. Sidamon-Eristoff, State Treasurer
Bob Martin, DEP Commissioner
Lori Grifa, DCA Commissioner

David E. Zimmer, Executive Director

February 17, 2011

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – FEBRUARY 17, 2011

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, February 17, 2011 at 10:00 a.m., in the conference room of 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey.

In accordance with the Open Public Meetings Act, the New Jersey Environmental Infrastructure Trust filed a notice of the time, place and the location of this meeting with the Secretary of State; via "fax" to the Bergen Record and The Trenton Times in accordance with the New Jersey Open Public Meeting Act (N.J.A.C. 10:4-6 et.seq.); and to all press offices in the State House. A copy of this notice was posted outside the Secretary of State's Office, within the Department of Environmental Protection, and at the Trust Office.

DIRECTORS

Warren Victor, Chairman (*)
Herbert Barrack, Treasurer
Steven Gardner, Secretary
Michele Putman
(for Commissioner Martin)
James Requa
(for Commissioner Grifa)
Adrienne Kreipke
(for State Treasurer Sidamon-Eristoff)

OTHERS

David E. Zimmer, Executive Director
Maryclaire D'Andrea, Assistant Director
Frank Scangarella, Chief Operating Officer
John Hansbury, Chief Budget Officer
Brandon D. Minde, Governor's Authorities Unit
Clifford Rones, Deputy Attorney General
Richard Nolan, McCarter & English LLP
Geoffrey Stewart, Public Financial Management
Eugene Chebra, Municipal Finance & Construction
Lisa Price, Equal Opportunities & Contracts

Executive Director Zimmer reported that he has received a letter from the Department of Environmental Protection, Commissioner Martin, appointing Ms. Michele Putnam as his representative for today's meeting.

(*) Participated via teleconference

Since Chairman Victor participated via teleconference, a roll call vote will be conducted acknowledging all motions and votes.

APPROVAL OF THE MINUTES:

Treasurer Barrack opened discussion of the minutes of the December 16, 2010 Trust Board meeting. Ms. Kreipke moved for the approval of the minutes. Mr. Requa seconded the motion. The minutes were approved 6 to 0 with 0 abstentions.

ANNOUNCEMENTS:

Mr. Zimmer reported on the events since the last Trust Board meeting:

- The Trust conducted its annual financing seminars. The first was held on February 1, 2011 at the Ocean County Community College and the second on February 3, 2011 at the NJ Law Center. Both seminars were received well from potential borrowers and their consultants, and averaged about 67 non DEP/EIT participants per venue.
- The “2011 Project Priority List and Financial Strategy by the NJ Environmental Infrastructure and the NJ Department of Environmental Protection”, the January Report, is available on the NJEIT website.

The Trust has meet all its requirements pursuant to N.J.S.A. 58:11B-20(a) regarding the submission of the January Report to the Assembly and Senate members, Legislative Committees; State Library and within the Office of the Legislative Services.

- Pursuant to Executive Order No. 26, the Trust submitted its Annual Debt Management Plan to State Treasurer Andrew Sidamon-Eristoff.
- Letters were sent to Senate and Assembly members highlighting the projects financed through the NJEIFP within their legislative districts. David Zimmer and Frank Scangarella will begin to reach out to these legislators within the next week to arrange face to face meetings.
- Trust staff met with representatives of the West Windsor Township, Gloucester County Utilities Authority and Fisherman’s Energy and the Hopewell Township concerning project financing.
- Trust staff met with the Trust financial advisors, Public Financial Management staff to discuss various Program issues.

- Trust and DEP senior staffs continue to meet biweekly to discuss concerns regarding the Barnegat Bay initiatives under direction of Assistant Commissioner Plonski.
- The Trust is proceeding with its initiative to transform its loan application process by requiring all loan application submission to be completed on-line. This new initiative allows both the Trust and DEP to have access to all pertinent loan information electronically, thereby greatly enhancing the time and capabilities to process loan applications.
- The Trust has hired an hourly I.T. programmer to oversee these activities as well as two part-time programmers. We are in the process of transferring this I.T. Programmer to full-time status.
- The RFP for document scanning services will be released to the public on Friday, February 18, 2011. The RFP will be advertised at a variety of both electronic and physical media outlets. We also have a list of previously identified, interested parties who will receive direct communication from the Trust.
 - Feb 25 – Mandatory bidder’s conference
(opportunity to review sample documents)
 - Mar 04 – Final Q&A date
 - Mar 25 – Proposal due date
 - April 07 – anticipated Board vote and award date
- Due to vacations and planned absences, the Trust will be combining its March and April Board meetings into one. The next Board meeting will be held on Thursday, April 7, 2011 at 10:00 a.m. at the Offices of the Trust. Public Notice reflecting these changes will follow.

During the past month, the Trust received or sent the following correspondence. In an effort to “go green”, the agenda package does not include copies of the following correspondence, however, if you would like a copy, please make your request to the Trust secretary.

- Certificate 5.02 for the 2007 Financing of West Deptford Township, Project No. S340 947-03 and W082001-002; 2007 Financing of Somerset Raritan Valley SA, Project No. S340 801-06; 2004 Financing of Mercer County Improvement Authority, Project No. S340 536-05-1; 1999 Financing of Orange City, Project No. W0717001-003/004 and 2007 Financing of Jackson Township MUA, Project No. W1511002-004/005.
- On January 6, 2011 a letter was sent to Mr. Michael Sgro, Esq., Vice President, Secretary and General Counsel of the New Jersey American Water Company regarding the indemnification provision of the 2002B Trust Loan Agreement.

EXECUTIVE SESSION:

- 6A• Mr. Zimmer introduced Resolution No. 11-01 to conduct an executive session to discuss litigation matters concerning Trust personnel. The resolution was moved by Mr. Victor and seconded by Ms. Kreipke. The motion was approved 6 to 0 with 0 abstentions. The Board convened for an Executive Session at 10:14 a.m.

The Board convened into public session at 10:19 a.m. A motion to return to public session was made by Mr. Requa and seconded by Mr. Gardner. The motion was approved 6 to 0 with 0 abstentions.

Minutes of executive session will be available when the need for confidentiality is no longer necessary.

UNFINISHED BUSINESS:

- 7A. Mr. Chebra of the Municipal Finance and Construction Element discussed the status of the Construction Status Report which reflects that there are 367 active projects totaling \$2.5B; there are 563 closed projects totaling \$2.7B making a grand total of 930 projects at \$5.3B.

Official project close-out letters will be issued on March 1, 2011 deobligating their available remaining balances.

- 7B. Mr. Chebra also discussed the Clean Water and Drinking Water projects to be funded in the second pool of financing the State Fiscal Year (SYF) 2011 Financing Program.

The second pool clean water list reflects 12 projects a total of \$38,096,970 and the drinking water list reflects 13 projects totaling \$19.6M. Projects included in this portion have received all the required permits will be included in the second financing bond sale scheduled for May 2011. The clean water portion expects to certify and finance \$50M and \$8M conditional and \$20M within the drinking water program.

Mr. Chebra then reported on the status of the SYF2012. The clean water portion of the SYF2012 reflects 87 projects at \$560.3M and the drinking water portion reflects a total of 49 projects totaling \$193.7M. Additional projects from this portion who receive all the required permits may be included in the May 2011 bond sale.

NEW BUSINESS:

- 8A. Mr. Zimmer introduced Resolution No. 11-02 accepting the Treasurer's Report for December 2010 and January 2011. The resolution was moved for adoption by Mr. Gardner and seconded by Ms. Putnam. The motion was carried 6 to 0 with 0 abstentions.

In December 2010 and January 2011, the Trust received and paid bills for products and services totaling \$211,212.82 and \$227,131.87 respectively. These payments covered expenses that included rating agencies and PFM's Advisory fees for the 2010 Series B & C bond offerings, bond Trustee fees for previously issued bond series and monthly rent. The Trust has a list of outstanding bills for February, received and reviewed; totaling \$1,178,448.24. Eighty nine percent (89%) of this sum or approximately \$1,053,000 reflects reimbursement to Treasury and for bond counsel fees for 2010 Bond Series B & C.

Mr. Zimmer announced that the following bills were received, reviewed, and were being paid:

Princeton Pike Office Park, LLC (Rent – April 2011)	\$9,339.09
Cutwater Asset Management (Investment Advisor – December 2010)	\$9,877.07
Treasurer, State of New Jersey (FY2011 Salary & Fringe Reimbursement #1 to NJDEP per agreement with NJDEP Financial Management (7/1/10 – 1/14/11))	\$654,714.93
Council of Infrastructure Financing Authorities, Inc. (CIFA Membership Dues from January 1, 2011 to December 31, 2011)	\$5,000.00
P.S.E.& G Co. (Utilities – January 2011)	\$1,090.99
U.S. Bank (Trustee: NJEIT 1997 (11/1/10 – 10/13/11))	\$11,690.88
U.S. Bank (Trustee: NJEIT 1998A (11/1/10 – 10/31/11))	\$12,714.50
U.S. Bank (Trustee: NJEIT 1999A&B (11/1/10 – 10/31/11))	\$9,158.75

U.S. Bank (Trustee: NJEIT 2002A&B (11/1/10 – 10/31/11))	\$9,697.50
U.S. Bank (Trustee: NJEIT 2003A (12/1/10 – 11/30/11))	\$9,697.50
U.S. Bank (Trustee: NJEIT 2004 A&B (11/1/10 – 10/31/11))	\$9,697.50
U.S. Bank (Trustee: NJEIT 2005 A&B (11/1/10 – 10/31/11))	\$9,697.50
U.S. Bank (Trustee: NJEIT 2006 A&B (11/1/10 – 11/30/11))	\$9,697.50
U.S. Bank (Trustee: NJEIT 2007 (12/1/10 – 11/30/11))	\$9,000.00
U.S. Bank (Trustee: NJEIT 2009A&C (12/1/10 – 11/30/11))	\$1,750.00
U.S. Bank (Master Program Trustee for period 11/1/10 – 10/31/11)	\$5,000.00
U.S. Bank (Master Program Trustee: 2010B&C Acceptance Fee)	\$2,000.00
McCarter & English, LLP (Bond Counsel Services Series 2010B & C Bonds)	<u>\$398,624.53</u>
TOTAL	<u>\$1,178,448.24</u>

- 8B.** Agenda Item 8B, Acknowledgement of the NJ Department of Environmental Protection's Project Certification, has been tabled for the April 7, 2011 meeting. Agenda Item 7B of today's minutes reports the current status.

- 8C.** Mr. Zimmer introduced Resolution No. 11-03 amending the Trusts By-Laws and Procurement Policy for operational efficiencies, staff is requesting a minor amendment to each it's By-Laws (specifically Section 2 and 3 and Procurement Policy (Policy 4.00) pertaining to spending limits and disbursements of operating expenses requiring additional signatures raised from the 1986 By-Laws from \$1,00 to \$2,500.

The resolution was moved for adoption by Mr. Requa and seconded by Ms. Putnam. The motion was carried 6 to 0 with 0 abstentions.

- 8D.** Mr. Zimmer introduced Resolution No. 11-04 authorizing the Trust to distribute a Request for Proposal for services of Arbitrage Rebate Compliance Services. Currently the Trust has liability exposure through 29 outstanding tax-exempt bond issues. The liability risk can be managed via the procurement of an experience arbitrage rebate compliance consultant. The consultant would be able to assist the Trust during any IRS inquiry and possibly education and training.

The Board discussed the Request for Proposal requirements. Mr. Barrack questioned and was assured that the proposal does include the SED and Small Business and Minority requirements.

Trust staff informed the Board of other criteria, one of having a New Jersey bases office. Chairman Victor expressed concern if the criteria were standard and if so, would possibly limit response from outside State companies. Trust staff responded that the criteria would only be used as a RFP grading factor if the responder has a New Jersey based office.

The resolution was moved for adoption by Mr. Gardner and seconded by Ms. Putnam. The motion was carried 6 to 0 with 0 abstentions.

- 8E.** Mr. Zimmer introduced Resolution No. 11-05 authorizing certain actions to be taken by the Trust in connection with the acquisition of certain assets and the assumption of certain obligations, by KTR NJ Urban Renewal LLC from the Titan-PDC Carteret Urban Renewal, LLC, with respect to the loan made by the Trust to the Carteret Redevelopment Agency in bond 2006 Series B.

As part of the original agreement, and amongst other forms of collateral, CRA received a corporate guaranty from the parent of PDC. PDC has been reported by the Borough of Carteret to be experiencing financial difficulty and has agreed to sell its rights in the property in question to the redeveloper, KTR NJ Urban Renewal LLC ["KTR"]. KTR has agreed to assume all of the liabilities and responsibilities for the obligations of the original redeveloper, excepting the corporate guaranty to CRA. This corporate guaranty was not part of the Trust's original credit due diligence. Nonetheless, the Trust has the right to approve any loan modification based upon changes in any of the original loan parameters.

Based upon the materiality of the Borough of Carteret's guaranty; the credit strength of the Borough's guaranty (the Borough of Carteret's rating has increased since the issuance of the loans two notches from A3 equivalent to A-, to A1 equivalent to A+); the legal structure protecting both the Trust and DEP with respect to the pledged cash flows from the project to CRA and from CRA to the Trust and DEP remains unchanged; it is the Trust's recommendation that the NJEIFP loans to CRA in bond 2006 Series B be modified to allow the transfer of ownership from PDC to KTR, without an accompany corporate guaranty.

The resolution was moved for adoption by Mr. Requa and seconded by Ms. Kreipke. The motion was carried 6 to 0 with 0 abstentions.

PUBLIC COMMENTS:

- There were no public comments.

Ms. Putnam moved to adjourn the meeting. The motion was seconded by Ms. Kreipke and approved 6 to 0 with 0 abstentions. The meeting was adjourned at 10:47 a.m.