



New Jersey
Environmental
Infrastructure Trust

"Financing New Jersey's
Water Quality Future"

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

David E. Zimmer, Executive Director


June 9, 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 June 9, 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.

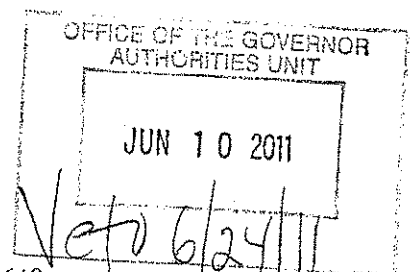
Sincerely,



Steven Gardner
Secretary

Enclosure

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





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June 9, 2011

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – JUNE 9, 2011

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, June 9, 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, Vice Chairman
Robert Briant Sr., Treasurer
Steven Gardner, Secretary
John Plonski
(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
Johanna Barba Jones, Governor's Authorities Unit
Clifford Rones, Deputy Attorney General
Richard Nolan, McCarter & English LLP
Geoffrey Stewart, Public Financial Management
Gautem Patel, Municipal Finance & Construction
Lisa Price, Equal Opportunities & Contracts

APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the May 12, 2011. Ms. Kreipke moved for the approval of the minutes as amended. Mr. Gardner seconded the motion. The minutes were approved 7 to 0 with 0 abstentions.

ANNOUNCEMENTS:

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

- The Town of Harrison's credit rating was downgraded by Moody's Investors Service, Inc. from investment grade (Baa1) to a below investment grade of (Ba3). A non-investment grade rating disqualifies the Town from consideration for future financial assistance from the Program. The Program has an outstanding exposure of \$20.97 million either directly with the Town of Harrison or through a conduit loan to the Hudson County Improvement Authority. The downgrade by Moody's does not represent an Event of Default and the Town of Harrison has not missed any of its debt service payments to date.

Mr. Zimmer explained how a default by Harrison would impact the Trust Bond Holders (public investors), Fund Loan Holders (State of NJ) and the current and future ratings of bonds secured by the Master Program Trust. Mr. Zimmer also explained how the use of the 1999 Debt Service Reserve and the Master Program Trustee Account would protect the Program's bond holders.

The Board discussed steps to manage the Program's exposure to Harrison, including: Centralizing risk management efforts at the Trust for both the DEP and NJEIT; Reaching out to the Director of the Department of Local Government Services/Local Finance Board (DLGS) to coordinate due diligence and potential financial discussions with the Town; and Providing regular updates for the Program's primary stakeholders (NJEIT Board of Directors, NJDEP Assistant Commissioner of Water Resource Management and the NJDEP Director of Budget and Finance).

Mr. Zimmer requested authorization to proceed with his recommendations. Mr. James Requa responded that he would assist Mr. Zimmer in his efforts to communicate with the Director of DLGS.

- The Trust continues to participate in the biweekly meetings conducted by the DEP and chaired by Assistant Commissioner Plonski to discuss the Governor's Barnegat Bay initiative.

- Senior staff continues Trust outreach efforts to the State's 21 County Boards of Chosen Freeholders to meet and discuss the NJEIT's Financing Program and the benefits of the Program. This month's meetings included the Freeholder Boards in Bergen, Mercer, Monmouth Counties and the Hunterdon County Planning Board.
- Senior staff met with the Assembly Environmental & Solid Waste Committee and the Senate Environment Committee to discuss Trust legislation.
- The annual legislation has been approved by the Senate and Assembly Environment committees and will be heard in the Appropriations Committees within the next two weeks.
- Trust met with NJ Future to discuss financing of potential projects.
- A meeting was held with Trust and DEP staff and the USDA to discuss further development of the joint financing of projects.
- The following conference calls were held:
 - Sea Village Marina to discuss possible inclusion in SYF2012 Financing Program
 - Hudson County Improvement Authority - Harrison Metro Supplemental Loan
 - NJEIT proposed refunding and related transaction costs
 - EPA concerning multiyear CP Program funding options
- RFP Status Updates
 - **Document Scanning Initiative** continues to move forward. The firm DRS Imaging is under contract and will be picking up the first 79 boxes today (i.e. bank statements, operating account files, black books, and board meeting minutes & resolutions from 1986 – 2009) for scanning to digital images
 - **Information Technology Consulting Services** RFP has been distributed, advertised, and posted on the Trust website. Questions from potential bidders are due on June 15th and the proposals are due June 30th
 - **Internal Controls Audit** RFP has been distributed, advertised, and posted on the Trust website. Questions from potential bidders are due on June 13th and the proposals are due June 30th
 - **Arbitrage Compliance Services** RFP is schedule to be released the week of June 13th, with proposals due at the end of July.
- The next Board meeting is scheduled for Thursday, July 7, 2011 at 10:00 a.m. at the Offices of the Trust.

CORRESPONDANCE:

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 letters were sent to the following projects:
 - 2009 Financing Program for Stony Brook RSA (S342 400-05) (ARRA)
 - 2000 Financing Program for the Bayonne MUA (S340 399-24)

EXECUTIVE SESSION:

- Mr. Zimmer introduced Resolution No. 11-19 to conduct an Executive Session. The resolution was moved by Mr. Barrack and seconded by Mr. Plonski. The motion was approved 7 to 0 with 0 abstentions.

The Board convened for an Executive Session at 10:20 a.m. to discuss litigation matters concerning the Trust Board.

The Board convened into public session at 10:45 a.m. Minutes of the Executive Session will be available when the need for confidentiality is no longer necessary.

UNFINISHED BUSINESS:

- 7A. Mr. Patel of the Municipal Finance and Construction Element discussed the Construction Status Report which reflects that there are 367 active projects totaling \$2.5B; there are 572 closed projects totaling \$2.7B resulting in a grand total of 939 projects for \$5.3B.
- 7B. Mr. Patel discussed the SFY2012 Clean Water Financing Loan Program. At this time, there are 6 supplemental loans totaling \$17.5M; 64 projects within the traditional program totaling \$289.7M; and 18 second chance projects totaling \$42.3M; with 21 Barnegat Bay projects totaling \$44.1M resulting in a grand total for the SFY2012 Clean Water Loan Program of 109 projects for \$393.6M.

Mr. Patel also discussed the SFY2012 Drinking Water Financing Program. At this time there are 3 Supplemental Loans totaling \$3M; 45 projects within the traditional program totaling \$189.9M; and 12 second change projects totaling

\$25.5M resulting in a grand total for the SFY2012 Drinking Water Loan Program of 60 projects for \$218M.

The grand total for the SFY2012 Combined Loan Programs is 169 projects and \$611.9M.

NEW BUSINESS:

- 8A. Mr. Zimmer introduced Resolution No. 11-20 accepting the Treasurer’s Report for May 2011. The resolution was moved for adoption by Mr. Briant and seconded by Mr. Requa. The motion was carried 7 to 0 with 0 abstentions.

The May 2011 Treasurer’s Report consists of revenues derived from administrative fees in the amount of \$42,585.00.

Expenses paid in the month of May 2011 total \$402,768.19 and are being applied toward the Trust FY2011 Budget. Total expenses year-to-date assigned to the Trust’s FY2011 Budget are \$2,799,407.18.

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

Princeton Pike Office Park, LLC (Rent – August 2011)	\$9,339.09
Cutwater Asset Management (Investment Advisor- April 2011)	\$9,684.53
McCarter & English, LLC (Bond Counsel Services SFY2012 Financing Program and Emergency Loan Program)	\$45,821.50
J&J Staffing Resources (NJEIT Part-time Employees (Lynda Fisher and Anthony Teel, weeks ending 5/15/11, 5/22/11)	\$3,769.50
Mercadien (Audit of Clean and Drinking Water SRF Financial Statements for SFY2010)	\$16,832.40
Bethel Bindery, Inc. (Printing/binding and CD-ROMS of the NJEIT 2010A&B Refunding Bonds transcripts)	\$2,378.12
Treasurer, State of New Jersey (Division of Law 3 rd Quarter, FY2011 Legal Billing)	\$4,399.00
The Bond Buyer (Annual newspaper and online access subscription 8/18/11 – 8/19/12)	\$2,995.00

Public Financial Management, Inc. (Financial Advisor Services FY2012 New Money Pmt#2)	<u>\$12,352.50</u>
TOTAL	\$107,571.64

- B. Agenda Item 8B Discussion and Approval of NJEIT Assistant Director was tabled for a future meeting.

PUBLIC COMMENTS:

Mr. Briant updated the Board on the status regarding the House and Senate's Reauthorization of the State Revolving Fund Program. While in Washington for the Council for Infrastructure Financing Authorities conference, Mr. Briant and Executive Director Zimmer met with Congressman Jon Runyan, of New Jersey's 3rd Federal District to discuss the SRF Program and NJEIT's Financing Program, in particular, the benefits to municipalities within Congressman Runyan's district that are participating in the Program.

Mr. Barrack complimented John Hansbury on the progress that he has made on the Internal Controls Audit RFP with regards to its thoroughness and to posting the RFP on the web allowing potential bidders to respond. Following through with this form of RFP will make the Trust a role model for government agencies to advertise Internal Controls Audit RFPs in the future.

Mr. Dischert from Petro-Pal and Dr. Micha Shefir of Innovya TBS questioned the Board on the avenues the Trust and DEP are taking regarding protection against cyber-attack and how their firm can assist in the protection of the State's water infrastructure as well as the NJEIFP's IT systems. Assistant Commissioner Plonski reported that DEP meets regularly with the State's Homeland Security Office regarding such matters.

Mr. Briant moved to adjourn the meeting. The motion was seconded by Mr. Plonski and approved 7 to 0 with 0 abstentions. The meeting was adjourned at 11:05 a.m.

RESOLUTION NO. 11 - 19

BE IT HEREBY RESOLVED THAT, pursuant to N.J.S.A. 10:4-12 and N.J.S.A. 10:4-13, the members of the New Jersey Environmental Infrastructure Trust (the "Trust") hold an executive session regarding contract negotiations, personnel matters and advice from counsel.

BE IT FURTHER RESOLVED THAT it is expected that discussions undertaken at this executive session will be made public once a final position is adopted by the Trust regarding such actions.

Adopted Date: June 9, 2011

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Plonski

Ayes: 7

Nays: 0

Abstentions: 0

RESOLUTION NO. 11 - 20

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer's Report for May 2011 and

WHEREAS, the Trust has placed in its files certain correspondence relating to expenses incurred in relation to the Trust;

NOW THEREFORE BE IT RESOLVED THAT the Trust hereby accepts the Treasurer's Report for May 2011 and request that the same be entered into the record.

Adopted Date:	June 9, 2011
Motion Made By:	Mr. Briant
Motion Seconded By:	Mr. Requa
Ayes:	7
Nays:	0
Abstentions:	0