



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

October 13, 2011

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

Dear Governor Christie:

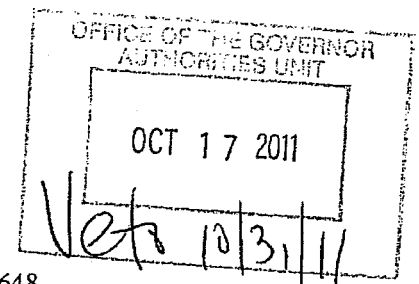
In accordance with the provisions of the New Jersey Environmental Infrastructure Trust Act, I hereby transmit for your review and consideration the minutes of the October 13, 2011 meeting of the New Jersey Environmental Infrastructure Trust. The New Jersey Environmental Infrastructure Trust Act provides 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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**October 13, 2011**

**NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**

**OPEN PUBLIC MEETING**

**MINUTES – OCTOBER 13, 2011**

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, October 13, 2011 at 10:00 a.m., in the conference room of 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville; New Jersey.

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)  
Adrienne Kreipke  
(for State Treasurer Sidamon-Eristoff)  
James Requa  
Assistance  
(for Commissioner Grifa)

**OTHERS**

David E. Zimmer, Executive Director  
Frank Scangarella, Assistant Director  
John Hansbury, Chief Budget Officer  
Nicole Crifo, Governor's Authorities Unit  
Clifford T. Rones, Deputy Attorney General  
Richard Nolan, McCarter & English LLP  
Geoffrey Stewart, Public Financial Management  
Eugene Chebra, Municipal Finance & Construction  
Lisa Price, Equal Opportunity & Contract

**APPROVAL OF THE MINUTES:**

Chairman Victor opened discussion of the minutes of the September 8, 2011 Trust Board meeting. Mr. Briant moved for the approval of the minutes. Mr. Barrack seconded the motion. The minutes were approved 6 to 0 with 0 abstentions.

(\*) Adrienne Kreipke arrived

**ANNOUNCEMENTS:**

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

- The Trust continues to participate in biweekly meetings conducted by the DEP and Chaired by Assistant Commissioner Plonski to discuss and implement the Governor’s Barnegat Bay initiative.
- The submission deadline for SFY2012 Barnegat Bay Stormwater Projects applications, construction plans and design docs was extended two weeks due to Hurricane Irene. The effected borrowers were notified of the extension by emails from both DEP and Trust as well as follow-up phone calls from the Trust.
- On September 26, 2011, the Trust conducted a Financial Seminar to discuss financing schedules and Program preconditions with SFY2012 Borrowers. The seminar was held at the Office of the Trust and attended by appointed project representatives of the Applicants, consisting mainly of participants from the Barnegat Bay Initiative and second chance applicants. Afterwards, DEP and Trust staffs met with particular applicants to discuss their finance or permit issues.
- The SFY2013 Letter of Intent submission deadline was October 3, 2011. This LOI is the first to utilize a new online process that gives project sponsors exclusive control to grant access to third parties to contribute information to the online forms, while precluding anyone other than project sponsors from submitting forms. This eliminates the need for Program staff to oversee access. The new system also gives project sponsors immediate access to prior submissions, enabling them to incorporate that information into new submissions thereby reducing error and the time necessary to complete online forms.
- Trust staff is working together with our financial advisor, Mr. Geoffrey Stewart of Public Financial Management, in developing a “Credit Policy” for the Trust Financing Program. The policy will include requirements for protection of any borrower that may be affected with a downgraded credit rating awarded by any of the three rating agencies by municipalities and private borrowers. The Trust is not greatly impacted at this time, but may in the future with the number of interim financing loans that may be granted by those with lesser grade. This policy will address those issues and should be ready for the Board approval at our meeting.

- The Trust is working with representatives from Rutgers School of Environmental and Biological Sciences (SEBS) to determine a syllabus for a dedicated internship program. Students meeting the qualifications outlined will serve a non-paid internship semester working with the Trust.
- Continuing with the Trust's marketing and outreach efforts, Senior Staff met with the Board of Chosen Freeholders from representatives of Ocean County to discuss our Financing Program and to spread the word of the Program to the municipalities within their regions.
- Trust staff participated in the EPA SRF review meeting held at DEP.
- Assistant Director Scangarella gave a presentation of the financing program at a seminar presented by the New Jersey Institute of Technology entitled, "Funding, Financing and Redeveloping of Brownfields."
- The Trust received seven RFP responses for Arbitrage Rebate Compliance Services. The Committee is reviewing and ranking the proposals and expects to make a recommendation to the Board at the next meeting.
- Finally, a meeting will NOT be held in November. The next Board meeting is scheduled for Thursday, December 8, 2011 at 10:00 a.m. at the Offices of the Trust. A November meeting is not scheduled.

During the past month the Trust received or sent the following noteworthy correspondence. Pursuant to the Trust's Green Initiative, the agenda package does not include copies of the following correspondence. Board members should contact the Trust Secretary if they wish to receive copies.

- On September 13, 2011, letters were sent to each of the refunding participants notifying the results of the recent refunding bond sale and savings reflected in their debt service repayment for each loan refinanced.
- On September 15, 2011, US Bank was notified that the 2002 bond issue to Cedar Glen West, Inc. (Project No. W1518003-002/3) had fulfilled their debt obligation in full as of September 1, 2011 with authorization to close their debt service reserve fund account.
- On September 15, 2011, a letter was sent to Honorable James Maley, Mayor of Collingswood Borough, requesting a meeting with their staff to discuss the ramifications of Moody's Investor Service recent credit rating downgrade of the Borough to non-investment grade.
- As required, on September 16, 2011, the 30-Day Report reporting the results of the bond sale for the Series 2011 Refunding Bond Sale was submitted to State Treasurer Sidamon-Eristoff.

- On September 21, 2011, Mr. Gene Gilbert, Director of Public Works for the Township of Carneys Point, was instructed the requirements to acquire project eligibility within the Trust's Emergency Financing Program.
- On September 23, 2011, the unused Volume Cap allocated to the Trust for the Refunding AMT Series was returned to State Treasurer Sidamon-Eristoff in the amount of \$300,000.
- Since the last Board meeting, Pre-Award Approval letters for 11 projects were sent to the following project sponsors:
  - Aqua New Jersey, Inc. (1505002-001)
    - Amherst Drive Water Main Rehabilitation (2119001-007)
    - Ohio Avenue Water Main Rehabilitation (0415002-007)
  - Berkeley Township (S340969-10)
  - Camden County MUA (S340640-12)
  - Cape May County MUA (S342017-03)
  - Elizabeth City (S340942-11)
  - Middlesex Water company (1225001-013)
  - Northwest Bergen County UA (S340700-09)
  - Ocean County UA (S340372-47)
  - Westville Borough (0821001-001, 002 & 003)
  - Winslow Township (0436007-007)
- Certificate 5.02 letters were sent to the following projects:
  - 2005 Financing Program Old Bridge MUA (W1209002-003/004-1)
  - 2007 Financing Program Camden County MUA (S340 640-09)
  - 2007 Financing Program Elmwood Park Borough (S340 863-02)
  - 2010 Financing Program Free Acres Association, Inc. (W0712001-010,011)
- To date, the NJEIT has received applications for SFY2012 Interim Financing Loans for 30 projects. Since the last board meeting, the following four Interim Financing Program Loans were closed for an estimated total cost of \$4.36 million. A detailed report will be discussed under Agenda Item 7C of today's meeting.

**EXECUTIVE SESSION:**

6. Mr. Zimmer introduced Resolution No. 11-38 to conduct an Executive Session. The resolution as moved by Mr. Briant and seconded by Mr. Requa. The motion was approved 7 to 0 with 0 abstentions.

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

The Board reconvened the public session at 10:31a.m. Minutes of the Executive Session will be available when the need for confidentiality is no longer necessary.

**UNFINISHED BUSINESS:**

**7A.** Mr. Chebra of the NJDEP's Municipal Finance and Construction Element discussed the status of the Construction Status Report which reflects that there are 317 active projects totaling \$2.1B; and 622 closed projects totaling \$3.1B making a grand total of 939 projects at \$5.2B.

**7B.** Mr. Chebra discussed the SFY2012 Clean Water Financing Loan Program. At this time, it is expected that there will be 4 supplemental loans totaling \$13.6M and 16 second chance projects totaling \$40.9M; 13 Barnegat Bay projects totaling \$20.3M; and 62 traditional loan projects totaling \$287.6M.

Mr. Chebra also discussed the SFY2012 Drinking Water Financing Program. At this time there are 3 Supplemental Loans totaling \$2.9M; 44 projects within the traditional program totaling \$188.9M and 11 second chance projects totaling \$14.8M resulting in a net total for the SFY2012 Drinking Water Loan Program of 58 projects for \$206.7M.

The current projection for the total SFY2012 Combined Loan Programs is 153 projects for \$569.2M.

Mr. Chebra reported that at the December 8, 2011 meeting, a more accurate account of those projects to receive financing this year's bond sale will be given. In November, DEP and the Trust will display side by side at the League of Municipalities conference in Atlantic City, making a great opportunity to spread the word regarding our program. It was decided between Mr. Plonski and Mr. Zimmer that both DEP and the Trust should reach out to borrowers reminding them of the required documentation needed to be submitted to receive financing for this year's Program.

**7C.** Mr. Zimmer reported on the status of the SFY2012 Interim Financing Program Loans:

Township of Willingboro. The Trust closed an interim loan to the Township of Willingboro in the aggregate amount of \$1,523,035. The interim loan will permit the Township to commence the re-construction and replacement of storm water system outfalls in the Township.

Township of Nutley. The Trust closed an interim loan to the Township of Nutley in the aggregate amount of \$1,895,000. The interim loan will permit the Township to commence the replacement and retrofitting of water meters throughout the Township.

Township of Mount Olive. The Trust closed an interim loan to the Township of Mount Olive in the aggregate amount of \$382,200. The interim loan will permit the Township to commence the installation of new water mains, valve vault assemblies and fire hydrants in the Township.

Township of Ocean. The Trust closed two interim loans to the Township of Ocean. One interim loan, in the aggregate amount of \$300,440, will permit the Township to complete the expansion of its water treatment plant. The second interim loan, in the aggregate amount of \$258,800, will permit the Township to commence the rehabilitation and expansion of one of its wells.

This report concerning the above-described interim loans is provided to the Board of Directors of the Trust in satisfaction of the requirements of Section 6 of the authorizing resolution adopted by the Trust on November 18, 2010.

**NEW BUSINESS:**

- 8A. Mr. Zimmer introduced Resolution No. 11-39 accepting the Treasurer's Report for September 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.

Mr. Zimmer announced that the Trust is in receipt of bills totaling \$144,675.94. The individual breakdown is as follows:

Cutwater Asset Management (Investment Advisor – August 2011)	\$7,730.30
Mercadien (Audit of NJEIT FY2011 Financial Statements Payment #1)	\$32,024.00
RR Donnelley Financial Inc. (Printing/Distribution of NJEIT 2011 AMT Refundings OS/OS)	\$5,001.17
LeClair Ryan (Special Counsel Fees March 21, 2011 – August 21, 2011)	\$39,695.29
TD Wealth Management (Loan Servicer: NJEIT Series 2001 AB&C (8/2/11-8/1/12), pursuant to Resolution 01-18 appointing Commerce Bank/TD Bank as 2001 AB&C Loan Services)	\$6,000.00
The Bank of New York Mellon (Trustee: Series 2001A/2007A Refunding (9/1/10 – 8/31/11) pursuant to Resolution 01-19 appointing Bank of New York Mellon as 2001 A&B Trustee)	\$7,000.00

US Bank (NJEIT Master Program Trustee Acceptance Fee, pursuant to Resolution 06-36 appointing US Bank as Master Program Trustee)	<u>\$3,000.00</u>
<b>TOTAL</b>	<u><b>\$100,450.76</b></u>

- 8B.** Mr. Zimmer introduced Resolution No. 11-40 appointing WithumSmith + Brown, PC (WSB) to perform the services for Internal Controls Auditing contract. As authorized under Resolution No. 10-04, the Trust solicited RFP's through formal advertisement and distribution and received six proposals. After oral presentations from the two highest ranked proposals, the Committee tabulated WSB as having received the highest total aggregate score and recommended the Board award the contract to WSB. The contract agreement covers services for a period of one year commencing on October 28, 2011 through October 27, 2012 with a cap on expenditures of \$125,000. The resolution was moved for adoption by Mr. Barrack and seconded by Mr. Plonski. The motion was carried 7 to 0 with 0 abstentions.
- 8C.** Mr. Zimmer introduced Resolution No. 11-41 approving an amendment to the Cumberland County Utilities Authority (CCUA) loan in the 2010 Financing Program. The resolution approves a modification of CCUA's 2010A loan agreement with NJEIT and NJDEP converting the CCUA's Junior Lien Bond to a Senior Lien Bond. The substitution of the Junior Lien bond improves the security position of the Trust and enables the CCUA to address a cash flow timing challenge that exists under the terms and provisions of its own bond resolution. The resolution was moved for adoption by Mr. Gardner and seconded by Mr. Plonski. The motion was carried 7 to 0 with 0 abstentions.
- 8D.** Mr. Zimmer reported to the Board the status of the modification of the security structure for the 2008 NJEIT loan to the Bergen County Utilities Authority (BCUA), who acted as a conduit governmental borrower on behalf of the Edgewater Colony Incorporated. The bond issued to the BCUA is secured by a Letter of Credit (LOC) issued by the Valley National Bank in order to satisfy the Program's creditworthiness standards. The LOC amount was initially \$1,150,000 with no reduction provisions. Edgewater Colony has been current with all of its payments and is requesting the authority to reduce the LOC coverage to current outstanding principal and interest exposure and to include a provision that will automatically reduce the stated amount of the LOC annually to reflect the debt amortization.

The Trust loan agreement provides that the LOC may be amended and modified upon the prior written consent of an authorized officer of the Trust, which includes the Chairman, Vice Chairman and Executive Director, however, this modification does not require official Board action. Trust staff and counsel are reviewing the proposed modified LOC and upon satisfactory completion of all applicable documentation and review, the consent



of the Authorized Officer of the Trust will be granted in satisfaction of the requirements of the Trust Loan Agreement.

Executive Director Zimmer is recommending that the Trust allow Edgewater Colony to reduce their LOC coverage to the Trust and DEP, to an amount that will remain sufficient to secure the remaining outstanding principal amount and interest on the Trust loan and the remaining outstanding principal amount of the Fund loan.

A resolution was moved [inadvertently] for adoption by Mr. Braint and seconded by Mr. Gardner.

The motion was carried 7 to 0 with 0 abstentions.

Assistant Director Scangarella reported that Agenda Item 8D “Discussion of Reduction of Letter of Credit Coverage for Edgewater Colony” was not identified as an action item in the Public Notice published for this meeting due the fact that the loan agreement with Edgewater Colony authorized the Executive Director to make revisions to the Letter of Credit. Although the action of the Board was infirm as it was not properly noticed, no Board action is necessary. Mr. Scangarella apologized for this error.

Chairman Victor requested the minutes reflect this notion.

- 8E.** Executive Director Zimmer updated the Board on the status of the Borough of Collingswood’s credit summary. Board members received a memo from Executive Director Zimmer detailing the September 12, 2011 Moody’s Investors Service downgraded credit rating of the Borough from A1 to Ba1. The Board discussed Executive Director’s recommendations regarding the future of the Borough’s financing. Mr. Zimmer reported that the development of a formal Credit Policy will be introduced to the Board in the near future to address credit issues in a consistent manner.

**PUBLIC COMMENTS:**

- There were no public comments.

Ms. Kreipke moved to adjourn the meeting. The motion was seconded by Mr. Plonski. The motion was carried 7 to 0 with 0 abstentions.

The meeting was adjourned at 11:20 a.m.

RESOLUTION NO. 11 - 38

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: October 13, 2011

Motion Made By: Mr. Briant

Motion Seconded By: Mr. Requa

Ayes: 7

Nays: 0

Abstentions: 0

RESOLUTION NO. 11 - 39

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer's Report for September 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 September 2011 and request that the same be entered into the record.

Adopted Date: October 13, 2011

Motion Made By: Mr. Briant

Motion Seconded By: Mr. Requa

Ayes: 7

Nays: 0

Abstentions: 0

**RESOLUTION NO. 11 - 40**

**RESOLUTION OF THE TRUST APPOINTING WITHUMSMITH & BROWN, PC  
FOR INTERNAL CONTROLS AUDITING SERVICES**

WHEREAS, the Trust is authorized to procure Internal Controls Auditing Services pursuant to N.J.S.A. 58:11B-5L; and

WHEREAS, in Trust resolution No. 10-04, the Board authorized the Executive Director to solicit proposals for Internal Controls Auditing Services; and

WHEREAS, the Trust competitively procured proposals through formal advertisement and distribution of a Request for Proposals (RFP) to a list of seventeen (17) firms; and

WHEREAS, the Trust received six (6) proposals in response to the notice of solicitation; and

WHEREAS, the Trust established a Selection Committee whose members independently ranked the proposals based on the criteria and weights set forth in the notice of solicitation; and

WHEREAS, the Committee tabulated the member's rankings wherein WithumSmith & Brown, PC received the highest total aggregate score; and

WHEREAS, the Committee recommends awarding an Internal Controls Auditing Services contract to WithumSmith & Brown, PC for professional internal controls auditing services of the Trust's primary business and accounting processes based on its July 7, 2011 proposal.

NOW THEREFORE BE IT RESOLVED THAT the Executive Director send a letter of intent to make the appointment to WithumSmith & Brown, PC for Internal Controls Auditing Services substantially in the form of the agreement attached to the Request for Proposals for Internal Controls Auditing Services; and

BE IT FURTHER RESOLVED THAT the Chairman or Vice Chairman of the Trust is hereby authorized to execute an agreement with WithumSmith & Brown, PC substantially in the form of the agreement attached to the Request for Proposals. The terms and conditions of the agreement shall include but not be limited to:

- a. the provision of services as outlined in the Trust's Request for Proposal (RFP) distributed on May 11, 2011 and the proposal submitted by WithumSmith & Brown, PC dated July 7, 2011; and
- b. the payment of all fees for all services as detailed in the July 7, 2011 submittal; and
- c. the term of the contract shall be for a period of one year; and
- d. such other terms and conditions as may be contemplated by the RFP and the materials enclosed therewith as deemed necessary and appropriate by the Chairman or Vice Chairman of the Trust.

BE IT FURTHER RESOLVED THAT total expenditures pursuant to this agreement shall not exceed \$125,000 absent separate board authorization.

Adopted Date: October 13, 2011

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Plonski

Ayes: 7

Nays: 0

Abstentions: 0

**RESOLUTION NO. 11-41**

**RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL  
INFRASTRUCTURE TRUST AUTHORIZING (I) THE SUBSTITUTION BY THE  
CUMBERLAND COUNTY UTILITIES AUTHORITY OF A SENIOR LIEN  
BOND FOR A JUNIOR LIEN BOND PREVIOUSLY ISSUED TO THE NEW  
JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AND (II) THE  
EXECUTION AND DELIVERY OF AN AMENDMENT TO THE LOAN  
AGREEMENT BY AND BETWEEN THE NEW JERSEY ENVIRONMENTAL  
INFRASTRUCTURE TRUST AND THE CUMBERLAND COUNTY UTILITIES  
AUTHORITY IN CONNECTION WITH WHICH THE CUMBERLAND  
COUNTY UTILITIES AUTHORITY ISSUED  
THE JUNIOR LIEN BOND**

**WHEREAS**, the New Jersey Environmental Infrastructure Trust (the "Trust"), a public body corporate and politic under the laws of the State of New Jersey (the "State"), is organized and existing pursuant to the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same has been, and in the future may be, amended and supplemented from time to time (the "Act"); and

**WHEREAS**, pursuant to Sections 5(m) and 9(a) of the Act, the Trust is authorized to make and contract to make loans pursuant to loan agreements with local government units and public water utilities (each, a "Local Unit") to finance a portion of the cost of environmental infrastructure system projects that Local Units may lawfully undertake or acquire and for which they are authorized by law to borrow funds; and

**WHEREAS**, the Trust and The Cumberland County Utilities Authority (the "CCUA"), a public body corporate and politic duly created and existing pursuant to the "Municipal and Counties Utilities Authorities Law", constituting Chapter 183 of the Pamphlet Laws of 1957 of the State, as the same has been, and in the future may be, amended and supplemented from time to time, have entered into that certain Loan Agreement, dated as of December 1, 2010 (the "Loan Agreement"), pursuant to the terms of which the Trust made a loan to the CCUA (the "Loan") to finance a portion of the cost of the Project, as defined and described in the Loan Agreement; and

**WHEREAS**, the CCUA has issued its Sewer Revenue Bond, Series 2010 (the "CCUA Junior Lien Bond") to the Trust, as holder thereof, to evidence and secure the repayment obligations of the CCUA with respect to the Loan, such CCUA Junior Lien Bond having been issued by the CCUA pursuant to (i) a general bond resolution adopted by the CCUA on February 7, 1977 and entitled "Resolution Providing for the Issuance of the Bonds of The Cumberland County Sewerage Authority and for the Rights of the Holders Thereof, Determining to Construct the Phase I Project of the Authority, Estimating the Cost of the Phase I Project, and Authorizing the Initial Bonds to Finance the Portion of Such Estimated Cost Not Paid or Provided for from Governmental Grants for the Phase I Project", as thereafter amended and supplemented from time to time (as amended and supplemented, the "CCUA Senior Lien Bond Resolution"), and (ii) a

subordinate bond resolution, dated August 10, 2010, entitled "Supplemental Resolution Authorizing the Issuance of Subordinate Sewer System Revenue Bonds of The Cumberland County Utilities Authority" (the "CCUA Junior Lien Bond Resolution"); and

**WHEREAS**, after consultations among the CCUA and certain of its professional advisors, as well as TD Bank, National Association, as Trustee to the CCUA, the CCUA has determined that certain cash flow problems exist under the terms and provisions of the CCUA Senior Lien Bond Resolution and the CCUA Junior Lien Bond Resolution and, specifically, the CCUA has determined that debt service funding obligations with respect to the CCUA's outstanding senior lien bonds (the "Outstanding Senior Lien Bonds") issued pursuant to the CCUA Senior Lien Bond Resolution, including the timing of debt service payments for such Outstanding Senior Lien Bonds and the funding of a Bond Service Fund, which payment and funding requirements must be satisfied prior to making payments of the principal of and interest on the CCUA Junior Lien Bond, would inhibit the availability of sufficient funds flowing into the General Fund and available therefrom to pay the principal of and interest on the CCUA Junior Lien Bond; and

**WHEREAS**, in order to address the cash flow problems that exist under the terms and provisions of the CCUA Senior Lien Bond Resolution and the CCUA Junior Lien Bond Resolution with respect to the CCUA Junior Lien Bond in as efficient a manner as possible, the CCUA proposes to substitute for the CCUA Junior Lien Bond a senior lien bond (the "CCUA Senior Lien Bond"), which CCUA Senior Lien Bond will constitute Additional Bonds issued pursuant to the CCUA Senior Bond Resolution upon satisfaction of all of the requirements of the CCUA Senior Bond Resolution for the issuance of Additional Bonds, and which CCUA Senior Lien Bond will be on parity with the Outstanding Senior Lien Bonds and will enable the CCUA to make timely payments of principal of and interest on the CCUA Senior Lien Bond without the previously-experienced cash flow problems of the CCUA; and

**WHEREAS**, notwithstanding the fact that the CCUA Junior Lien Bond satisfied all program requirements of the Trust with respect to a loan to a Local Unit, it is advantageous to the Trust that the CCUA substitutes the CCUA Senior Lien Bond for the CCUA Junior Lien Bond, due to the facts that (i) the CCUA Senior Lien Bond will satisfy all program requirements of the Trust with respect to a loan to a Local Unit, and (ii) the CCUA Senior Lien Bond will be on parity with the Outstanding Senior Lien Bonds, including full parity position as to priority of payment and a full parity security interest in the fully-funded debt service reserve fund that secures all Outstanding Senior Lien Bonds; and

**WHEREAS**, the CCUA has requested that the Trust enter into an amendment to the Loan Agreement (the "Amendment to Loan Agreement"), in accordance with the amendment provisions of the Loan Agreement, to effectuate the substitution by the CCUA of the CCUA Senior Lien Bond for the CCUA Junior Lien Bond; and

**WHEREAS**, it is the desire of the Trust to (i) accept the substitution by the CCUA of the CCUA Senior Lien Bond for the CCUA Junior Lien Bond for the reasons stated above, and (ii) effectuate such substitution by entering into the Amendment to Loan Agreement, in accordance with the amendment provisions of the Loan Agreement.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Trust (the "Board"), as follows:

**Section 1.** The Board hereby accepts and agrees to the substitution by the CUA of the CUA Senior Lien Bond for the CUA Junior Lien Bond, for the reasons set forth above in this Resolution.

**Section 2.** The Board hereby authorizes the Amendment to Loan Agreement, in substantially the form attached hereto as Exhibit A and made a part hereof, with such revisions and modifications thereto as shall be approved by the Chairman, the Vice Chairman or the Executive Director of the Trust (each, an "Authorized Officer") after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, such approval to be evidenced by the execution of the Amendment to Loan Agreement by such Authorized Officer

**Section 3.** Each Authorized Officer is hereby severally authorized and directed to execute the Amendment to Loan Agreement, and any certificates, instruments or documents contemplated therein or related thereto.

**Section 4.** Upon execution of the Amendment to Loan Agreement by the Authorized Officer, the Secretary and the Assistant Secretary of the Trust are hereby authorized and directed, where required, to affix the corporate seal of the Trust thereto and to attest to the signature of such Authorized Officer thereon, and on any certificates, instruments or documents contemplated therein or related thereto.

**Section 5.** The Executive Director and any other Authorized Officer are hereby authorized and directed to (i) execute such other certificates, instruments or other documents, in such form and with such terms and conditions as the Executive Director or any other Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, determines to be in the best interests of the Trust, and (ii) take such other actions as the Executive Director or any other Authorized Officer, in his or her respective sole discretion after consultation with the Bond Counsel to the Trust and the Office of the Attorney General of the State, deems necessary, convenient or desirable to effect the transactions contemplated hereby.

**Section 6.** This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date: October 13, 2011

Motion Made By: Mr. Gardner

Motion Seconded By: Mr. Plonski

Ayes: 7

Nays: 0

Abstentions: 0