



"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, CFA, Executive Director

December 9, 2011

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – DECEMBER 8, 2011

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, December 8, 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
Michele Putnam
(for Commissioner Martin)
Adrienne Kreipke
(for State Treasurer Sidamon-Eristoff)
Sean Thompson
(for Commissioner Grifa)

OTHERS

David E. Zimmer, Executive Director
Frank Scangarella, Assistant Director
John Hansbury, Chief Budget Officer
Sudi Solamon, (for Deputy Attorney General Ronnes)
Richard Nolan, McCarter & English LLP
Geoffrey Stewart, Public Financial Management
Eugene Chebra, Municipal Finance & Construction
Lisa Price, Equal Opportunity & Contract

December 8, 2011

APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the October 13, 2011 Trust Board meeting. Mr. Barrack moved for the approval of the minutes. 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 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 committee will be holding its one year review on Thursday, December 15th at 12:00 pm at the Boy Scout Camp in Ocean Township;
- The Trust helped promote and advertise Commissioner Martin's Barnegat Bay Blitz Clean-Up event on October 19th at the Ocean County Community College, that featured participation of all 37 Bay Communities, numerous local schools, environmental groups and other interested parties;
- Continuing with the Trust's marketing and outreach efforts, Senior Staff gave a presentation of the financing program to the Camden County Municipal Administrators;
- Vice Chairman Barrack and Executive Director Zimmer met with members from the Geraldine Dodge Foundation to discuss the financing program with respect to open space funding options.
- Executive Director Zimmer gave a presentation of the financing program at the NJ Alliance for Action – Meet the Players conference in Trenton;
- Executive Director Zimmer gave a presentation of the financing program at the 2011 Middlesex County Green Forum – Finding the Green to go Green;
- Assistant Director Scangarella attended a meeting at the Lieutenant Governor's Office to discuss a TCNJ Redevelopment Project;
- Assistant Director Scangarella gave a presentation of the financing program at the UTCA's South Jersey Membership Meeting;
- Executive Director Zimmer attended a meeting with the NJ Business Action Center to discuss the financing program;
- Chief Budget Officer Hansbury attended Brownfield Interagency Team (BRIT)

December 8, 2011

Meeting at Trust office;

- Chief Budget Officer Hansbury attended Bayonne Crossing Grand Opening on Oct. 19th in Bayonne, NJ;
- Chief Budget Officer Hansbury attended the New Jersey Alliance Annual Construction Forecast on Nov. 3rd in Trenton, NJ;
- Several Trust and DEP internal meetings were held during the past 2 months:
 - Bellmawr/Deptford BDA Redevelopment Project
 - Newark/Lister Redevelopment Project
 - West Milford MUA
 - Internal Controls Audit kick-off
 - Credit Policy Development
- Trust and DEP senior staff participated in the Raritan Valley Regional Sewerage Authority meeting regarding a potential NJEIFP Cleanwater Project;
- Trust senior management attended the CIFA Conference in Baltimore, MD on Nov. 14th and 15th, 2011;
- Trust and DEP staff participated in the Harrison Twp. (Gloucester County) meeting regarding the Mullica Hill Treatment and Disposable facility project;
- Trust staff manned a booth at the NJ League of Municipalities held in Atlantic City, NJ on Nov. 15th through Nov. 17th, 2011, joined by Chairman Victor;
- Executive Director Zimmer attended the Rutgers “Preparing New Jersey for Climate Change: A Workshop for Decision Makers”;
- Executive Director Zimmer attended the 2011 Clean Water Council Public Hearing;
- EIT and DEP participated in a tour and demo of permeable surfaces at the EPA Facility in Edison to learn about storm water mitigation alternatives. Along with numerous EIT and DEP staff, all 7 municipalities that were invited (Bay Head, Fanwood, Jersey City, Hoboken, consultants for Hudson County – various towns, P.V.S.C. and West Windsor) agreed to participate by sending Administrative, Finance and/or Engineering staff. Representatives from the asphalt, concrete and paver industries also gave presentations discussing the financial and material quality benefits of their products;
- Trust staff, as well as Mr. Geoffrey Stewart and Mr. Richard Nolan met with the Town of Harrison to perform general, financial due diligence on the Town’s financial and liquidity position in order to confirm the Town’s ability to satisfy,

December 8, 2011

on time and in full, its debt service payment obligations to the Program;

- The next Board meeting is scheduled for Thursday, January 12, 2012 at 10:00 a.m. at the Offices of the Trust.

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 October 28, 2011, a letter and CD of the closing documents for in excess of one-hundred and eighty (180) loans were sent to participants, their Bond Counsel, General Counsel and Financial Advisors regarding their participation in the 2010 NJEIFP. These projects were financed as part of the Trust's 2010 Series A, B and C Bonds.
- On November 9, 2011, a letter was sent to Ms. Kelly Love, Administrator/Director of the West Milford Township MUA, requesting a meeting with their staff to discuss the Program's credit worthiness standards.
- Since the last Board meeting, Pre-Award Approval letters for 11 projects were sent to the following project sponsors:
 - Colonial Estates/Continental Communities, LLC (0811003-002)
 - Maple Shade Township (S340710-07)
 - New Jersey Water Supply Authority (S340054-08)
 - Old Bridge MUA
 - Summerfield Gravity Sewer Replacement (S340945-1)
 - Sewer Division SCADA System (S340945-10)
 - Boonton Town (1401001-002)
 - Township of Ocean
 - Tuscarora Ave. Sewer Main Replacement (S340112-02)
 - Tuscarora Ave. Sewer Main Replacement (S340112-03)
 - Ocean County Utilities Authority (S340372-45)
 - Pemberton Township (0329004-003)
 - Rockaway Valley Regional Sewerage Authority (S340821-05)
- Certificate 5.02 letters were sent to the following projects:
 - 2010A Financing Program Evesham MUA (S340 838-03)
 - 2010B Financing Program Jersey City MUA (S340 928-02-1)

EXECUTIVE SESSION:

6. An Executive Session was not held.

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 627 closed projects totaling \$3.1B making a grand total of 944 projects at \$5.2B.

7B. Mr. Chebra discussed the SFY2012 Clean Water Financing Loan Program. At this time, the DEP is processing 4 supplemental loans totaling \$13.6M; 15 second chance projects totaling \$40.6M; 26 Barnegat Bay projects totaling \$20.3M; and 61 traditional loan projects totaling \$277.6M resulting in a net total for the SFY2012 Clean Water Loan Program of 106 projects for \$352.2M.

Mr. Chebra also discussed the SFY2012 Drinking Water Financing Program. At this time the DEP is processing 3 Supplemental Loans totaling \$2.9M; 39 projects within the traditional program totaling \$153.7M and 7 second chance projects totaling \$12.0M resulting in a net total for the SFY2012 Drinking Water Loan Program of 49 projects for \$168.8M.

The current projection for the total SFY2012 Combined Loan Programs is 155 projects for \$521M.

7C. Mr. Chebra discussed the SFY2013 Combined Financing Loan Program. At this time, it is expected that there will be 52 traditional Clean Water loan projects totaling \$316.0M; 2 Barnegat Bay projects totaling \$6.3M; and 66 traditional Drinking Water projects totaling \$108.5M resulting in a net total for the SFY2012 Combined Financing Loan Program of 120 projects for \$430.9M.

It is anticipated that the call for projects for SFY2013 will be re-opened in January allowing sponsors of new or previously shut out projects an opportunity to apply for funds in this upcoming year's Financing Program.

7D. Executive Director Zimmer reported on the status of the 5 outstanding Trust RFPs:

Document Scanning – The Trust is more than 80% complete through the scanning of the Trust's documents identified in Phase 1. The Trust has received a number of discs with files containing much of our financial information and expects DRS Imaging to deliver external hard drives with this information before year end. The Trust has paid \$37,350 for services to date. The budget for Phase 1 was \$45,000 so the project is on budget and ahead of schedule.

Control Points Audit – The firm of WithumSmith + Brown started their initial discovery phase with a kick-off meeting on November 28th with the entire Trust staff. WSB has scheduled additional interviews for next week with John Hansbury, Frank Scangarella and Karen Texany to obtain an understanding of all of the Trust's business processes with

December 8, 2011

a particular attention, initially, on the process for distributing cash for project requisitions and cash disbursements.

Arbitrage Rebate Services – The Trust’s review committee finished its work earlier this month. The Board will be acting on the Executive Director’s recommendation later in the Agenda.

Financial Advisor RFP – This RFP will be made public and be sent to perspective bidders next week.

Trustee Escrow Agent RFP – This RFP will be made public and be sent to perspective bidders next week.

7E. Executive Director Zimmer reported on the status of the Program’s Interim Finance Program. As of December 8, 2011 there are 35 Projects that have applied for loans totaling \$75M. The Trust has dispersed \$1.86M in loan proceeds to date with a number of disbursements expected within the next 2 weeks.

NEW BUSINESS:

8A. Executive Director Zimmer introduced Resolution No. 11-42 accepting the Treasurer’s Report for October and November 2011. The resolution was moved for adoption by Mr. Briant and seconded by Mr. Barrack. The motion was carried 7 to 0 with 0 abstentions.

Executive Director Zimmer announced that the Trust is in receipt of bills totaling \$280,814.97. The individual breakdown is as follows:

| | |
|--|-------------|
| Princeton Pike Office Park, LLC (Rent – December 2011) | \$9,339.09 |
| Treasurer, State of New Jersey (Governor’s Authorities Unit Annual Assessment SFY2012) | \$18,569.86 |
| Treasurer, State of New Jersey (NJ Division of Law 1 st Quarter FY2012 Legal Fees) | \$4,417.00 |
| The DRS Group (Document Scanning Services - scanning 184,366 pages invoice# 42445, 42494) | \$12,583.20 |
| Cutwater Asset Management (Investment Advisor – September and October 2011) | \$12,763.12 |

December 8, 2011

| | |
|--|-------------|
| Public Financial Management, Inc. (Financial Advisory – October 2011) | \$49,261.24 |
| Mercadien (Audit of NJEIT FY2011 Financial Statements Final Payment) | \$7,519.00 |
| J&J Staffing Resources. (Part-Time Salaries) Invoice #'s: 275414, 276067, 276739, 277081, 279455, 280506, 280838, 281186, 281534, 281888, 282236, 282565) | \$16,259.08 |
| TD Wealth Management (Loan Servicer: NJEIT Series 2000 A&B (11/10/11-11/9/12), pursuant to Resolution 00-11 appointing Commerce Bank/TD Bank as 2000 A&B Loan Services) | \$5,000.00 |
| TD Wealth Management (Loan Servicer: NJEIT Series 2002 A&B (11/6/11-11/5/12), pursuant to Resolution 02-24 appointing Commerce Bank/TD Bank as 2002 A&B Loan Services) | \$10,000.00 |
| TD Wealth Management (Loan Servicer: NJEIT Series 2003 A&B (11/6/11-11/5/12), pursuant to Resolution 02-24 appointing Commerce Bank/TD Bank as 2003 A&B Loan Services) | \$10,000.00 |
| The Bank of New York Mellon (Trustee: Series 1994B (11/1/11 – 10/31/10) pursuant to Resolution 94-33 appointing Bank of New York Mellon as 1994 A&B Trustee) | \$7,100.00 |
| The Bank of New York Mellon (Trustee: Series 1995B (11/1/11 – 10/31/10) pursuant to Resolution 95-21 appointing Bank of New York Mellon as 1995 A&B Trustee) | \$7,090.00 |
| The Bank of New York Mellon (Trustee: Series 2000A (11/1/11 – 10/31/10) pursuant to Resolution 00-12 appointing Bank of New York Mellon as 2000 A&B Trustee) | \$10,650.00 |
| The Bank of New York Mellon (Trustee: Series 2001 AB&C (11/1/11 – 10/31/10) pursuant to Resolution 01-19 appointing Bank of New York Mellon as 2001 AB&C Trustee) | \$10,700.00 |

December 8, 2011

| | |
|--|-------------|
| The Bank of New York Mellon (Trustee: Series 2008A (11/1/11 – 10/31/10) pursuant to Resolution 08-18 appointing Bank of New York Mellon as 2008 A&B Trustee) | \$3,500.00 |
| US Bank (Escrow Agent: NJEIT Series 2007 Refunding (10/1/11- 9/30/12), pursuant to Resolution 06-25 appointing US Bank/Wachovia Bank as 2007 Refunding Escrow Agent) | \$2,500.00 |
| US Bank (Trustee: NJEIT 1992 A&B (11/01/11-10/31/12), pursuant to Resolution 92-11 appointing First Fidelity Bank/US Bank as 1992 A&B Trustee) | \$5,387.50 |
| US Bank (Loan Servicer: NJEIT 1994A&B (11/1/11 - 10/31/12) Pursuant to Trust Resolution number 94-12 appointing Core States Bank/US Bank as 1994A&B Loan Servicer) | \$3,090.00 |
| US Bank (Trustee: NJEIT 1996A&B (11/1/11 - 10/31/12) Pursuant to Trust Resolution 96-21 appointing First Union Bank/US Bank as 1996A&B Trustee/Escrow Agent/Loan Servicer) | \$11,313.75 |
| US Bank (Trustee: NJEIT 1997 (11/1/11 - 10/31/12) Pursuant to Trust Resolution number 97-21 appointing First Union Bank/US Bank as 1997A&B Trustee/Escrow Agent/Loan Servicer) | \$11,690.88 |
| US Bank (Loan Servicer: NJEIT 1999A&B (11/1/11 - 10/31/12) Pursuant to Trust Resolution number 99-8 appointing First Union Bank as 1999A&B Trustee/Escrow Agent/Loan Servicer) | \$3,771.25 |
| US Bank (Trustee: NJEIT 1999A&B (11/1/11 - 10/31/12) Pursuant to Trust Resolution number 99-8 appointing First Union Bank as 1999A&B Trustee/Escrow Agent/Loan Servicer) | \$9,158.75 |
| US Bank (Trustee: NJEIT 2002A&B (11/1/11 - 10/31/12) Pursuant to | \$9,158.75 |

December 8, 2011

Trust Resolution number 02-25 appointing First Union Bank
as 2002A&B Trustee/Escrow Agent)

US Bank \$9,697.50
(Trustee: NJEIT 2004A&B (11/1/11 - 10/31/12) Pursuant to
Trust Resolution number 04-22 appointing Wachovia/US
Bank as 2004 and 2005 Trustee/Escrow Agent)

US Bank \$10,315.50
(Trustee: NJEIT 2005A&B (11/1/11 - 10/31/12) Pursuant to
Trust Resolution number 04-22 appointing Wachovia/US
Bank as 2004 and 2005 Trustee/Escrow Agent)

US Bank \$5,000.00
(Master Program Trustee for period 11/1/11 - 10/31/12)
Pursuant to Trust Resolution number 06-36 reappointing U.S.
Bank as Master Program Trustee)

WithumSmith & Brown, PC \$4,979.50
(Internal Controls Auditing: Pursuant to Trust Resolution
number 11-40 appointing WithumSmith & Brown, PC as
Internal Controls Auditor - November 2011)

TOTAL \$280,814.97

8B. Executive Director Zimmer introduced Resolution No. 11-43 awarding Omnicap Group, LLC contract for Arbitrage Rebate Compliance. As authorized under Resolution No. 11-04, the Trust solicited RFP's through formal advertisement and distribution and received seven proposals. The contract agreement covers services for a period of three years commencing on January 9, 2012 through January 8, 2015 with a cap on expenditures of \$80,000 for the three year term of the contract. Should additional funding be necessary, the Trust will report to the Board and request the additional funds. The resolution was moved for adoption by Mr. Briant and seconded by Mr. Gardner. The motion was carried 7 to 0 with 0 abstentions.

8C. Executive Director Zimmer introduced Resolution No. 11-44 to approve the Interim Finance Program for SFY 2013. This Resolution is consistent with the requests and approvals for past IFP Program years including; a maximum loan size limited to \$10 million; interest costs set at 0% for municipalities or authorities and 2% for private purveyors; and no administrative fees on the loans during the IFP period. The advantages of having the Trust provide interim financing to project sponsors prior to the Trust's annual bond sale - besides the obvious fact of getting "shovels in the ground" sooner - is that short-term loans decrease the uncertainty of the final loan amount, they decrease the need for supplemental loans for cost overruns, and they decrease the possibility of under-budgeting and defeasance of unexpended funds. The resolution was moved for adoption by Ms. Kreipke and seconded by Ms. Putnam.

The motion was carried 7 to 0 with 0 abstentions.

- 8D.** Executive Director Zimmer introduced Resolution No. 11-45 to approve the Planning & Design Finance Program [PDFP] for SFY 2013. The terms of this Resolution are consistent with the PDFP Program of the current 2012 year including a maximum of loan size for 50% of eligible upfront costs not to exceed \$500,000; a maximum outstanding program exposure of \$2 million at any given time; interest costs set at 0% for municipalities or authorities and 2% for private purveyors; and no administrative fees on the loans during the PDFP period. Loans are available to projects whether or not they are on a priority list. However, if any project requesting PDFP funds is not on a priority list, that loan will require Board approval prior to loan closing. A resolution was moved for adoption by Mr. Barrack and seconded by Mr. Thompson.
The motion was carried 7 to 0 with 0 abstentions.

- 8E.** Executive Director Zimmer introduced Resolution No. 11-46 that authorizes Trust staff, at the direction of the Executive Director, to engage in those activities which are necessary to issue bonds to finance the SFY 2012 Financing Program. The current schedule calls for the Trust to issue bonds for the Financing Program in late April, 2012 and close in the first week of May. 2012 borrowers have begun to complete Financial Addendum forms, and a number of the borrowers have already gone in front of the Local Finance Board for Bond Resolution approval. Eventually, Trust staff will need to complete a variety of tasks including: escrow closings for each borrower; execution and delivery of loan and escrow agreements; and conduct a TEFRA hearing under IRS rules. Thus Resolution gives the Trust staff the authority to proceed with such actions and is wholly consistent with the authority granted for each bond series that the Trust has issued recently as well as prior practice. A resolution was moved for adoption by Ms. Kreipke and seconded by Mr. Gardner.
The motion was carried 7 to 0 with 0 abstentions.

- 8F.** In a non-action item, Executive Director Zimmer gave a brief description of the requirements surrounding the Program's creation and delivery of the annual report to the Legislature as required by Statute, which describes the NJEIFP program structure in terms of priority ranking system and a list of all the Projects that may be considered for funding in the upcoming year. Mr. Chebra then delivered a summary of the January Report draft to the Board.

- 8G.** Executive Director Zimmer updated the status of Harrison and Collingswood credit situations:

Harrison (\$20.97M Program loan exposure / \$1.31M annual debt service obligation); In response to the credit rating downgrade of Harrison Township in Hudson County to below investment grade, the Trust held a general due-diligence meeting this past Monday with the Mayor and Senior Staff of the Town of Harrison to review the Town's financial situation with respect to its ability to meet its debt service obligations to the Program. The meeting went well in that the Town was cooperative and forthcoming with information. The Trust is in the process of summarizing notes from that meeting which

December 8, 2011

will be shared with the Board, the DEP's John Plonski and the Director of DLGS.

Collingswood (\$1.55M Program loan exposure / \$151,000 annual debt service obligation); The Trust is scheduled to hold a general due-diligence meeting on December 9th with the Town of Collingswood but was informed late on December 7th, 2011 that Collingswood needed to postpone the meeting due to a scheduling conflict. Having delayed, then rescheduled the first meeting, as well as the Towns request to reschedule this meeting on the eve of Christmas, the Trust staff is exploring its options of addressing borrowers that are classified as non-responsive.

8H. Executive Director Zimmer introduced Resolution No. 11-47 for the Re-Adoption of the Rules and Regulations for the NJ Environmental Infrastructure Financing Program without change. This Resolution is required to allow the Trust to operate under its Statute and is a required follow-up to the Resolution that "proposed" the Rules and Regulations without Amendment [10-50] which was passed in October, 2010. The resolution was moved for adoption by Mr. Briant and seconded by Mr. Gardner. The motion was carried 7 to 0 with 0 abstentions.

8I. Executive Director Zimmer introduced Resolution No. 11-48 for approval of the 2012 Board Meeting Calendar. The resolution was moved for adoption by Mr. Briant and seconded by Mr. Gardner. The motion was carried 7 to 0 with 0 abstentions.

PUBLIC COMMENTS:

- Former NJEIT employee and Trust CFO, Ms. Maryclaire D'Andrea, requested from the Board and the Executive Director, a status update on back pay which she is seeking for services while in the role of "Acting" Executive Director. Executive Director Zimmer responded for the Board by informing Ms. D'Andrea that the assistance which she had requested through a letter to certain Board members had been received and was under consideration. He also advised that the purpose of the public comment period of board meetings is to receive public comments and not engage in dialogue with the public.

Ms. D'Andrea stated that this was a discussion period and that it was the only venue for her to seek an answer as to the status of the monies which she is seeking. Executive Director Zimmer repeated the purposes of the public comment period and that this was a Public Comment period, not a question and answer session. He also stated that the Board has received no formal request, but that if Ms. D'Andrea wished to make such a formal request to either the Board or the Executive Director, the Trust invited such a request and would be happy to respond. Mr. Zimmer then again reiterated that the Trust was in its Public Comment period and invited her to Comment, not attempt to engage in dialogue.

Ms. D'Andrea responded by stating that she found Executive Director Zimmer's comments unresponsive. To which, Mr. Zimmer responded that if Ms. D'Andrea

December 8, 2011

wished to ask a question of the Board or Executive Director, that she was invited to do so and that there were methods available to handle such requests. However the Public Comment Period of a Public Meeting was not one of those formats.

Ms. D'Andrea again stipulated that she had not heard anything back from the Board as to her request. Deputy Attorney General Sudi Solomon then interjected asking if there was a formal request before the Board. Upon Executive Director Zimmer's response that no such formal request to the Board existed, DAG Solomon suggested to Ms. D'Andrea that she make a formal request to the entire Board and then the Board would be obligated to respond. Mr. Zimmer again reiterated that such an action would be invited by the Trust.

Ms. D'Andrea commented that she found it disheartening that the Trust would hire permanent Staff and provide promotions to employees but not get her an answer. She then left the meeting.

Mr. Briant moved to adjourn the meeting. The motion was seconded by Mr. Gardner. The motion was carried 7 to 0 with 0 abstentions.
The meeting was adjourned at 11:10 a.m.