



New Jersey  
Environmental  
Infrastructure Trust

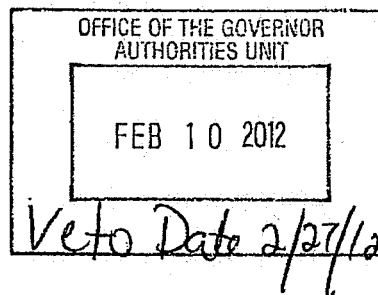
"Financing New Jersey's  
Water Quality Future"

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  
Richard E. Constable, III, Acting DCA Commissioner

David E. Zimmer, CFA, Executive Director

February 9, 2012

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 9, 2012 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

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  
Richard E. Constable, III, Acting DCA Commissioner

David E. Zimmer, CFA, Executive Director

February 9, 2012

## NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

### OPEN PUBLIC MEETING

### MINUTES – FEBRUARY 9, 2012

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, February 9, 2012 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 location of this meeting with the Secretary of State; via "fax" to the Bergen Record and The Trentonian in accordance with the New Jersey Open Public Meetings 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  
(for Richard E. Constable, III,  
Acting DCA Commissioner)

#### OTHERS

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

(\*) Participated via teleconference  
A roll call will be conducted after each action

February 9, 2012

### **APPROVAL OF THE MINUTES:**

Chairman Victor opened discussion of the minutes of the January 12, 2012 Trust Board meeting. Mr. Briant 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 conducted its annual financing seminars. The first was held on February 1, 2011 at the Camden 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.
- Pursuant to Executive Order No. 26, the Trust submitted its Annual Debt Management Plan to State Treasurer Andrew Sidamon-Eristoff.
- The "SFY2013 Project Priority List and Financial Strategy of the NJ Environmental Infrastructure Trust and the NJ Department of Environmental Protection", the January Report, is available on the NJEIT website.

The Trust has met 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.

- 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 initiative is being considered a possible model to be used in other parts of the State of New Jersey.
- Executive Director Zimmer and Frank Scangarella met with Assemblywoman Spencer, Chairwoman of the Assembly Environment Committee, to introduce the EIT and our annual legislation process.
- Executive Director Zimmer presented an award to the New Jersey American Water Company regarding the Canoe Brook Water Treatment Plant.
- The Trust participated in two webinars with the EPA:
  - Using Clean Water Act Funding for Source Water Protection
  - EOA/USDA Memorandum of Agreement to promote the sustainability of rural water and wastewater systems

February 9, 2012

- Executive Director Zimmer, Assistant Director Scangarella and Chief Budget Officer Hansbury met with EPA in New York City to discuss Green Infrastructure.
- Trust and DEP staffs met with NRG Energy company to discuss setting up deliverables for NRG Energy (Old Bridge project) into the SFY2013 second chance application process.
- Several Trust and DEP internal meetings were held during the past month:
  - Credit Policy Development
  - WithumSmith & Brown Internal Controls Audits conference calls
  - West Milford Financial Review
  - DSR Investment
  - FAF Review with NJEIT and DEP staff
  - Brownsfield Incentives with DEP staff
  - Internal Budget
  - Lakewood Pilot
  - Internal meeting with DEP to discuss EIT's 2012 and 2013 technology expense budget
  - BRIT monthly meeting
- The March 8, 2012 meeting will need to be moved to March 15, 2012 in order to certify additional SFY2012 projects, in addition to today's certification, I am requesting that the March 2012 Board meeting originally scheduled for March 8, 2012 be moved to March 15, 2012.

An official Public Notice will be published noticing the change. Please mark your calendars for the next Board meeting to be held on March 15, 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 December 27, 2011, an OPRA Request for the Bayshore Regional Sewerage Authority, Project No. S340697-04 (Wind Turbine) was received and a response was issued by Open Public Records Officer Scangarella.
- On January 6, 2012, Executive Director Zimmer responded to Governor's Authorities Unit, Director Gramiccioni certifying that Annual Obligations under current Executive Orders have been completed by the NJEIT.

February 9, 2012

- Also on January 6, 2012, a letter was sent to Ms. Diane Malloy, Township Clerk of Harrison Township (Gloucester) for Project No. S340362-06 (Richwood Water Reclamation Facility). The last six (6) meeting requests by the Trust have gone unanswered. This letter served as notification that if a meeting is not held by February 15, 2012 the Trust will bypass this project for funding in the SFY2013 Program pursuant to N.J.A.C. 7:22-4-9.
- Letters transmitting the Project Priority List and Financial Strategy for the NJ Environmental Infrastructure Trust and the NJ Department of Environmental Protection were sent to Senate President Sweeny, Assembly Speaker Oliver and the Offices of the Legislative Services and within the State Library pursuant to N.J.S.A. 58:11B-20(a).
- On January 10, 2012, a letter was sent to Mr. Kurt Cherry, CFO for the Hudson County Improvement Authority, memorializing the action items agreed to by the HCIA and NJEIT held on January 5, 2012 regarding their payment review.
- On January 24, 2012, letters were sent to Daniel Van Vooris, President and Chief Executive Officers, Robert Fitzgerald, COO and Continental Communities, LLC regarding SFY2012 application of Continental Communities, LLC and Nationwide MHC (d/b/a Colonial Estates).
- Also on January 24, 2012, a letter was sent to Mr. Thomas Martinolich of the Sea Village Marina, LLC regarding their application to participate in the SFY2012 NJEIFP.
- On January 25, 2012, the Committees of the Senate Environment and Energy; Senate Budget & Appropriations, Assembly Environment and Solid Waste and the Assembly Appropriations received written notice that the January 2012 report was available on the NJEIT website.
- On January 31, 2012, Executive Director Zimmer submitted to State Treasurer Sidamon-Eristoff the NJEIT's Annual Debt Management Plan.
- 5.02 Certificates were sent for the 2010A financing Stone Harbor Borough Project No. S340 722-02 and 2010B financing Pompton Lake Borough MUA (Project No. 144589041).

**PUBLIC COMMENTS:**

- No public comments were made.

February 9, 2012

**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 311 active projects totaling \$1.8B; and 638 closed projects totaling \$3.3B making a grand total of 949 projects at \$5.1B.
- 7B. Mr. Chebra's report of the SFY2012 Clean Water/Drinking Water Financing Program was deferred to coincide with Agenda Item 8E (SFY12 Project Certification).
- 7C. Mr. Chebra discussed the SFY2013 Combined Financing Loan Program. At this time, it is expected that there will be 56 traditional Clean Water loan projects totaling \$345.2M including 2 Barnegat Bay projects totaling \$6.3M; and 67 traditional Drinking Water projects totaling \$109.8M resulting in a net total for the SFY2013 Combined Financing Loan Program of 123 projects for \$456M. Plans and Specs are due for these projects on March 5, 2012. Submittals will be done on-line for the SFY2013 Financing Program.

Mr. Chebra also reported that the limited amount for Clean Water principal forgiveness loans in SFY2013 will be dedicated to Barnegat Bay projects.

- 7D. Executive Director Zimmer reported on the status of the outstanding Trust Requests For Proposals (RFPs):

**Document Scanning:** To date, 725,938 pages have been scanned at the cost of \$47,157. The scanning firm will be picking up an additional 84 boxes this week to complete Phase One scanning. A Request for Proposal for Phase 2 of the document scanning project is expected to be released to public in the next two weeks.

**Control Points Audit:** WithumSmith & Brown has submitted a draft Risk Assessment document for senior management's review. The next step is to identify key processes for Internal Audit and draft the Internal Audit Plan.

**Arbitrage Rebate Services:** Chief Budget Officer John Hansbury continues to upload key documents to Omnicap's secure internet site setup specifically for the Trust which Omnicap will use to calculate the Trust's annual arbitrage rebate calculations (if any) to the Internal Revenue Service in connection with the tax-exempt bonds previously issued by the Trust.

**Financial Advisor RFP:** The Trust is issuing a Request for Proposals for Financial Advisory Services this week. We anticipate proposals will be due March 8, 2012 and the Board will be presented with a recommendation to award at the April 12, 2012 Board Meeting. The term of the contract will run July 1, 2012 to June 30, 2013 or 2014 depending on the recommendation from the Executive Director.

February 9, 2012

**Trustee Escrow Agent RFP:** The Trust is recommending award of this contract in action Item 8D.

**7E. Report of the Executive Director Regarding Recent Interim Financing Program Trust Loans:**

A report concerning the following interim loan was 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:

- On February 8, 2012, the Trust closed an interim loan to the Northwest Bergen County UA in the aggregate amount of \$1,979,290. The interim loan will permit the Authority to rehabilitate Franklin Lakes Sanitary Sewer.

In summary, as of February 9, 2012, 43 projects have applied for IFP loans totaling \$58 million, of which, 15 applications have closed. The Trust has dispersed \$14.57 million in proceeds to nine (9) projects to date.

**NEW BUSINESS:**

- 8A.** Executive Director Zimmer introduced Resolution No. 12-06 accepting the January 2012 Treasurer's Report. The resolution was moved for adoption by Mr. Requa and seconded by Mr. Gardner.  
The motion was carried 7 to 0 with 0 abstentions.

Executive Director Zimmer announced that the Trust is in receipt of bills totaling \$833,200.95. The individual breakdown is as follows:

Princeton Pike Office Park, LLC (Rent – February 2012)	\$9,339.09
Cutwater Asset Management (Investment Advisor – December 2011)	\$3,943.47
J&J Staffing Resources (Part-Time Salaries) Invoices #284213,284512, 284847,285185	\$10,696.35
DRS Group (Document Scanning Services)	\$9,806.64
LeClairRyan (Special Counsel)	\$50,233.66

February 9, 2012

Treasurer, State of New Jersey (FY2012 Salary & Fringe Reimbursement #1 to NJDEP	\$741,794.24
--	--------------

WithumSmith & Brown, PC (Internal Controls Auditing: Pursuant to Trust Resolution No. 11-40 appointing WithumSmith & Brown, PC as Internal Controls Auditor – December 2011)	\$7,387.50
--	------------

TOTAL	<u>\$833,200.95</u>
-------	---------------------

- 8B.** Executive Director Zimmer introduced Resolution No. 12-07 to amend Policy and Procedure No. 4.00 "Procurement of Goods and Services" and Resolution No. 09-16 increasing the Audit Committee from two Board members to three in accordance with Executive Order No. 122 (McGreevy).

This resolution will also amend Resolution No. 06-16, which appointed the Vice-Chairman and Treasurer to the Audit Committee and the Secretary to serve in the event of vacancy. This amended resolution adds the position of Board Secretary as a permanent member of the Audit Committee.

The resolution was moved for adoption by Mr. Barrack and seconded by Mr. Requa. The motion was carried 7 to 0 with 0 abstentions.

- 8C.** Executive Director Zimmer introduced Resolution No. 12-08 amending the Trust's Direct Loan Policy capping all Trust Direct Loans to \$300,000. The current Direct Loan Policy adopted by the Board in June 8, 2006, under Resolution No. 06-28, limits the maximum amount of Direct Loan dollars received by a project sponsor from the Trust for any equipment project to \$300,000 and limits the Direct Loan amount for all other loans to \$150,000.

This amendment and restated resolution amends the Direct Loan Program Policy for the limited purpose of capping all direct loans made by the Trust at \$300,000 making the policy consistent across the board for all project types.

The resolution was moved for adoption by Ms. Kreipke and seconded by Mr. Briant. The motion was carried 7 to 0 with 0 abstentions.

- 8D.** Executive Director Zimmer introduced Resolution No. 12-09 which authorizes the appointment of U.S. Bank as Trustee and Escrow Agent for bonds issued in the SFY2012 and SFY2013 Financing Programs.



February 9, 2012

As authorized in Resolution 10-25, the Selection Committee independently reviewed and ranked five proposals received through competitive advertising. Agreeing with the Selection Committee's choice, Executive Director Zimmer recommended that the Board authorize the appointment of U.S. Bank as Trustee and Escrow Agent for the SFY2012 and SFY2013 Financing Programs. U.S. Bank submitted the lowest price of \$1,500 annually.

The resolution was moved for adoption by Mr. Requa and seconded by Mr. Gardner. The motion was carried 7 to 0 with 0 abstentions.

(\*) Mr. Briant was disconnected due to connection problems and could not be reconnected.

**8E.** Executive Director Zimmer introduced Resolution No. 12-10 certifying SFY2012 Financing Program Projects. A project's eligibility to receive long-term financing in the NJEIFP requires that both the NJ Department of Environmental Protection and the NJ Environmental Infrastructure Trust separately certify the projects for funding.

Consistent with prior Financing Programs, this resolution grants two types of certifications. Final certification is based on a finding that the included projects and their sponsors have satisfied all environmental and financial pre-requisites. These projects are included with "Exhibit A".

Conditional Certification is issued to projects that have satisfied most, but not all, of either NJDEP's or NJEIT's financing requirements. These projects are included in "Exhibit B". Conditional Certification delegates to the Chairman the authority to grant the final certification upon issuance of the ATA award. The majority of these projects lack final certification due to the absence of a DEP issued authorization to award (ATA) construction contracts. The DEP has advised that it has been working closely with these project sponsors and they are scheduled to open bids within the next few weeks at which time they will submit the bids and the DEP will issue the ATAs.

Mr. Zimmer informed the Board that he anticipates presenting the Board with one or more resolutions later in this fiscal year for additional certifications for projects not participating in the pool loan program, namely Direct Loan projects.

Mr. Chebra reported on the exhibits and the status of the Legacy Projects. These are projects that, if they do not meet the Program's February 29, 2012 deadline, would be able to receive an IFP loan with term funding in SFY2013 and would be prioritized in the DEP's ranking process.

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

February 9, 2012

- 8G.** Executive Director Zimmer discussed the credit update for the Borough of Collingswood. A due diligence meeting is scheduled for February 24, 2012 and upon completion an executive summary of that meeting will be distributed for discussion at the March 15, 2012 Board meeting.

**EXECUTIVE SESSION:**

- 9.** Mr. Zimmer introduced Resolution No. 12-11 to conduct an Executive Session. The resolution was moved by Mr. Gardner and seconded by Mr. Requa. The motion was approved 6 to 0 with 0 abstentions.

(\* Mr. Plonski left the meeting

The Board convened Executive Session at 11:10 a.m. to discuss ongoing litigation concerning the Trust.

Mr. Barrack motioned to return to public session and was seconded by Mr. Gardner. The Board reconvened the public session at 12:05 p.m. Minutes of the Executive Session will be available when the need for confidentiality is no longer necessary.

- 8F.** Executive Director Zimmer introduced Resolution No. 12-12 of the NJEIT relating to certain actions to be taken by the Trust in connection with the acquisition of certain assets and the assumption of certain obligations, each by Inland Diversified Urban Renewal, LLC from Comeron Bayonne Urban Renewal, LLC with respect to a loan made by the Trust to the Hudson County Improvement Authority for the Bayshore Crossing Shopping Center.

The resolution was moved for adoption by Mr. Gardner and seconded by Mr. Requa. The motion was carried 4 to 0 with 1 abstention by Ms. Kreipke.

Mr. Gardner moved to adjourn the meeting. The motion was seconded by Mr. Requa. The motion was carried 5 to 0 with 0 abstentions. The meeting was adjourned at 12:20 p.m.