

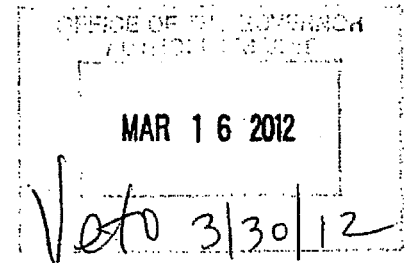


New Jersey
Environmental
Infrastructure Trust

"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



March 15, 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 March 15, 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



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March 15, 2012

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – MARCH 15, 2012

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, March 15, 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
Steven Gardner, Secretary
Michele Siekerka
(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
John Hansbury, Chief Budget Officer
Johanna Barba Jones, Governor's Authorities Unit
Clifford T. Rones, Deputy Attorney
Richard Nolan, McCarter & English LLP
Geoffrey Stewart, Public Financial Management
Eugene Chebra, Municipal Finance & Construction

Executive Director Zimmer reported that he is in receipt of a letter from DEP Commissioner Martin appointing Ms. Michele Siekerka as his representative to Board of the New Jersey Environmental Infrastructure Trust.

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APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the March 15, 2012 Trust Board meeting. Mr. Requa moved for the approval of the minutes. Mr. Gardner seconded the motion. The minutes were approved 5 to 0 with 1 abstention by Ms. Siekerka.

ANNOUNCEMENTS:

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

- The Trust is in receipt of Governor Christie and State Treasurer Sidamon-Eristoff's approval of the upcoming 2012 Bond Sale to be discussed and voted by the Board under Agenda Item 8C of today's meeting,

The Trust also received State Treasurer Sidamon-Eristoff's "Certificate of the State Treasurer" regarding the approval of the Trust Loan and Fund Loans required for the 2012 Bond Sale,

- The Trust continues to participate in biweekly meetings conducted by the DEP and now Chaired by Assistant Commissioner Siekerka to discuss and implement the Governor's Barnegat Bay initiative,
- The Trust met with Harrison Township (Gloucester) regarding project credit worthiness of Project No. S340362-06,
- The Trust met with the Borough of Collingswood to discuss the town's financial condition, a summary of which will be presented under Agenda Item 8I,
- The Trust met with Old Bridge/NRG representatives to discuss possible financing components of a natural gas power generation facility,
- Executive Director Zimmer met with senior officials at the DEP to discuss the Trust's participation in the HDSRF Program,
- Several Trust and DEP internal meetings were held during the past month regarding:
 - The Program's (H2IOans) Project Management System build – green light w/DEP I.T. Department for a joint project
 - Lister Project conference call
 - Brownfield Round Table
 - Asset Management Plans
 - Grants and Loan Project
 - EIT/SRF Interface System and on-line Requisition application
 - Utilization of Bond Funds for IFP Loan repayments conference call

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- The next Board meeting is scheduled for Thursday, April 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 February 17, 2012, Executive Director Zimmer sent a letter to Mr. Daniel Van Voorhis, President and Chief Executive Officer of the Continental Communities, LLC, reiterating the requirements for satisfying the credit worthiness standards of the Program,
- On February 27, 2012, Executive Director Zimmer sent a letter to Ms. Regina Egea, Director of the Governor's Authorities Unit, requesting the Governor's approval for the upcoming NJEIT Bond Sale of the 2012A (Tax Exempt), 2012B (AMT) and 2012C (Taxable) Financing Program Bond sale,
- On February 27, 2012, Executive Director Zimmer sent a letter to Mr. Andrew Sidamon-Eristoff, NJ State Treasurer, requesting approval for the upcoming NJEIT Bond Sale of the 2012A Bond Series (Tax Exempt), 2012B Bond Series (AMT) and 2012C Bond Series (Taxable) Financing Program bond sale,
- On February 27, 2012, Executive Director Zimmer sent a letter to Mr. Andrew Sidamon-Eristoff, NJ State Treasurer, requesting his execution of Certificates for the issuance of SFY12 Program project loans, pursuant to N.J.S.A. 58:11B-0 (a)(3) required for the upcoming bond sale this April,
- On February 23, 2012, letters were sent to non-Barnegat Bay applicants who were bypassed from the SFY2012 Financing Program giving notice of the Program's 2nd chance deadline,
- On February 28, 2012, letters were sent to Barnegat Bay applicants who were bypassed from the SFY2012 Financing Program giving notice of the Program's 2nd chance deadlines,
- On March 5, 2012, a final request letter was sent to project borrowers requesting 2010 audited financials.
- On March 6, 2012, a letter was sent to NJ State Treasurer Sidamon-Eristoff regarding the SFY2012 Volume Cap Request in the amount of \$35,000 in order to proceed with the April 2012 bond sale,

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PUBLIC COMMENTS:

- No public comments were made.

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 310 active projects totaling \$1.8B; and 639 closed projects totaling \$3.3B making a grand total of 949 projects at \$5.1B.

7B. Mr. Chebra reported on the SFY2012 Clean Water Financing Program status. At this time, the Clean Water Program reflects 3 Supplemental Loans totaling \$4,013,962 and 49 traditional projects totaling \$243M. Within the Second Chance Program, there are 15 projects totaling \$40,634,678 with the Barnegat Bay Initiative reflecting 26 projects totaling \$20,301,018.

Mr. Chebra also reported on the SFY2012 Drinking Water Financing Program status. At this time there are 3 Supplemental Loans totaling \$2,982,001 and 36 traditional projects totaling \$141M. Within the Second Chance Program there are 7 projects totaling \$12,031,735 with 4 bypass projects totaling \$13,718,847.

The grand total for SFY2012 Financing Program for both Programs is 139 projects at \$386M.

7C. Mr. Chebra discussed the SFY2013 Combined Financing Loan Program:

Financing within the traditional program reflects 50 Clean Water applications totaling \$266,641,529; 28 Drinking Water applications totaling \$112,302,228 and 2 Clean Water Supplemental Loans totaling \$12,789,300

Within the Second Chance Financing Program there are 4 Clean Water Supplemental applications totaling \$43,096,775; 11 Clean Water applications totaling \$62,414,981 and 7 traditional Drinking Water applications totaling \$12,358,850.

The Governor's Barnegat Bay Initiative has received 3 Applications totaling \$2,364,175 and 9 Letters of Intent totaling \$10,606,749.

Conditional Certifications include 6 Clean Water Projects totaling \$84,974,730 and 1 Drinking Water project totaling \$2,142,666.

Totals for the SFY2013 Financing Program for both Programs are 82 Clean Water applications at \$480,524,064 and 36 Drinking Water Applications at \$126,803,744 making a grand total of 118 applications at \$607,327,808

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

Financial Advisor: The Trust issued a Request for Proposals for Financial Advisory Services on February 15, 2012. Proposals are due at the Trust offices on March 15, 2012 and the Board will be presented a recommendation to award at the April 12, 2012 Board Meeting.

Document Scanning: Pursuant to Board Resolution 12-05, the Trust expects to issue an RFP for Phase 2 of Document Scanning Services by the end of March.

Investment Advisor: Pursuant to Board Resolution 12-04, the Trust expects to issue an RFP for Investment Advisory Services by the end of March.

Commercial Paper: Pursuant to Board Resolution 11-44, the Trust expects to issue an RFP for Commercial Paper Program/Interim Financing Program by the end of March.

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 No. 10-55, adopted by the Trust on November 18, 2010:

- On February 10, 2012, the Trust closed an interim loan to the Old Bridge MUA in the aggregate amount of \$2,937,000. The interim loan will permit the MUA to commence various improvements to its sewerage collection.
- On February 17, 2012, the Trust closed an interim loan to the Lakewood Township MUA in the aggregate amount of \$600,000. The interim loan will permit the Authority to commence the replacement of water meters throughout its service area.

In summary, as of March 15, 2012, 43 projects have applied for IFP loans totaling \$55M, of which, 19 applications have closed requesting \$31M. To date, the Trust has dispersed \$18.5M in proceeds to fourteen (14) projects.

7F. Executive Director Zimmer updated the Board on the status of conditional projects certifications. Eleven projects, which were conditionally certified at the February 9, 2012 Board meeting, received final certification for participation in SFY2012 NJEIFP.

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NEW BUSINESS:

- 8A.** Executive Director Zimmer introduced Resolution No. 12-13 accepting the February 2012 Treasurer's Report. The resolution was moved for adoption by Ms. Kreipke and seconded by Mr. Barrack.
The motion was carried 6 to 0 with 0 abstentions.

Executive Director Zimmer announced that the Trust is in receipt of bills totaling \$851,566.57. The individual breakdown is as follows:

Princeton Pike Office Park, LLC (Rent – March 2012)	\$9,480.45
Cutwater Asset Management (Investment Advisor – January 2012) Pursuant to Trust Resolution No. 10-27	\$3,045.20
Mercadien (Audit of Clean Water/Drinking Water Funds FY2011 Financial Statements Payment #1, pursuant to Trust Resolution No. 10-05)	\$19,764.00
Public Financial Management, Inc. (Financial Advisor Services 2012 Financing Program, Interim Financing Program and Special Projects (January 1, 2012 to February 15, 2012) Pursuant to Resolution No. 09-46.	\$33,864.88
McCarter & English, LLP (Bond Counsel Services: SFY2012 Financing Program, IFP Loans, Post-Closing Matters, Barnegat Bay, Hurricane Relief Financing Program and BCUA-Edgewater Colony Letter of Credit pursuant to special Counsel Designation by the NJ Division of Law and Public Safety appointing McCarter & English, LLP as bond counsel or program year 2011 and 2012	<u>\$121,591.45</u>
TOTAL	\$187,745.98

- 8B.** Executive Director Zimmer introduced Resolution No. 12-14 certifying additional projects in 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 project certification resolutions, this resolution grants project certifications to two types of projects in the SFY2012 Financing Program. The first type, final certification, is for projects and their sponsors that have satisfied all financing prerequisites. The second type, conditional certification, is for projects and their sponsors that have satisfied most, but not all, of the Program requirements. A majority of these projects await construction bids to be forwarded by the applicants to the DEP for Authorization to Award (ATAward) upon bid opening within the next week. The Conditional Certification delegates to the Chairman, the authority to grant final certification upon issuance of the ATAward.

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

- 8C. Executive Director Zimmer introduced Resolution No. 12-15 acknowledging receipt of approval letters from Governor Chris Christie and State Treasurer Sidamon Eristoff authorizing the issuance of Environmental Infrastructure Bond Series 2012A, Bond Series 2012B and Bond Series 2012C. Section 4(j) of the New Jersey Environmental Infrastructure Act requires both approvals before proceeding with the adoption of a bond resolution in connection with the issuance of bonds.

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

- 8D. Executive Director Zimmer introduced Resolution No. 12-16 acknowledging approval of the NJ Environmental Infrastructure Bond Resolution Series 2012A. Series A, Tax Exempt Bonds, are typically represented by government borrowers receiving bond proceeds to fund a project with respect to a qualified tax-exempt facility improvement under the Internal Revenue Code.

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

- 8E. **TEFRA Hearing**

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
Public Hearing Pursuant to
Section 147(f) of the Internal Revenue Code of 1986, as Amended
With respect to
Environmental Infrastructure Bonds, Series 2012B (AMT)

This regular meeting of the New Jersey Environmental Infrastructure Trust constitutes a public hearing of the Trust with respect to the proposed issuance by the Trust of its Environmental Infrastructure Bonds, Series 2012B (AMT) in an aggregate principal amount not in excess of \$35,000,000. It is anticipated that the Series 2012B Bonds will be

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issued as part of the State Fiscal Year 2012 Environmental Infrastructure Financing Program of the Trust. This public hearing is being held pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

I hereby enter into the records of the Trust a copy of the Affidavits of Publication relating to the notice to the public with respect to this hearing. Such public notice was published in compliance with the Code in the following newspapers on February 29, 2012: (1) The Times; (2) the Burlington County Times; (3) the Asbury Park Press; (4) the Home News Tribune; (5) the Courier Post; and (6) The Express Times. Such public notice additionally was published in compliance with the Code in The Star-Ledger on March 1, 2012.

The public notice that has been published sets forth the following information: (1) the identity of the Series 2012B Applicants; (2) a description of the project of each such Series 2012B Applicant; and (3) the specific location of each such project. The Series 2012B Applicants are as follows: (1) Aqua New Jersey, Inc.; (2) Middlesex Water Company; (3) New Jersey American Water Company; and (4) New Jersey Water Supply Authority.

Interested individuals are now invited to express their views, either verbally or in writing, and in person or by attorney, with respect to the proposed issuance of the Series 2012B Bonds, the projects to be financed with the proceeds thereof, and the location and nature of such projects.

Are there any members of the public who wish to be heard?

Let the record show that no members of the public offered verbal or written comments, either in person or by attorney, at this public hearing of the New Jersey Environmental Infrastructure Trust this 15th day of March, 2012.

Mr. Zimmer informed the Board that, other than conducting the TEFRA public hearing, no formal Board action is required. Public hearing minutes will be submitted to the Governor separately from today's Board minutes.

- 8F.** Executive Director Zimmer introduced Resolution No. 12-17 acknowledging approval of the NJ Environmental Infrastructure Bond Resolution Series 2012B. Series B, Alternative Minimum Tax Bonds, are typically represented by private water companies receiving bond proceeds to fund a project with respect to a qualified tax-exempt facility improvement, in this case, public water and sewer systems.

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

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- 8G.** Executive Director Zimmer introduced Resolution No. 12-18 acknowledging approval of the NJ Environmental Infrastructure Bond Resolution Series 2012C (Taxable Series for Newark-Lister Project). Series C, Private Activity Taxable Bonds, are bond proceeds used to fund the activities of a private entity wherein the project does not constitute a qualified exempt facility improvement, (in this case the remediation of liquid hazardous waste).

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

- 8H.** Executive Director Zimmer introduced Resolution No. 12-19 adopting a resolution authorizing Direct Loans to certain borrowers participating in the SFY2012 NJEIFP. Pursuant to Resolution No. 12-08, all Trust Direct Loans are required to be brought to the Board for their approval. The Trust anticipates making 24 direct loans for an EIT loan total of approximately \$4.12M. The resolution, along with the list of projects and estimated maximum Trust Direct Loan amounts, are listed under "Schedule A" of this resolution.

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

- 8I.** Executive Director Zimmer updated the Board on the Borough of Collingswood credit status. The Trust met with the Borough on February 24, 2012 to discuss the Borough's financial condition with respect to Moody's Investors Service downgrade of the Borough's long-term credit rating from an A1 to Ba1 (non-investment grade). The rating agency's decision was based on their concerns of a pending \$4.5M loan guaranty payment due from the Borough and the perceived lack of resources to make this payment. The downgrade was also based on an analysis of the drawdown of one of the Borough's separate reserve funds, which was in essence, a property rebate fund and meant to be drawn down.

To satisfy this obligation, the Borough authorized the issuance of a \$5.9M one year BAN. The proceeds of the BAN will satisfy and legally discharge the Borough's obligation under the guaranty. Collingswood will receive title to 13 lumber yard residential units, which it intends to lease or sell over the next three years to recoup the cost of this indebtedness. The BAN, with no consideration of funds from the sale or lease of any residential units, will increase the annual per capita tax burden by an estimated \$102 annually. Pro-forma "Direct Net Debt to Equalized Value" will equal 3.21%, well under the State's 3.5% cap. The Borough's financial metrics are comparable to other NJ Municipalities with Baal ratings.

The Borough's disposition to invest in local real estate presents a challenge to the Trust. The posture of owning and managing certain real estate projects is not a policy commonly practiced by other municipalities. Real estate assets are highly cyclical and introduce a level of uncertainty to the Borough's finance. The Trust would expect the Borough to maintain a greater level of financial reserves to mitigate the risks of such a

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policy. Moody's recently reaffirmed the Borough's long-term credit rating at Ba1, although the agency did improve the outlook to "uncertain" from "negative".

Executive Director Zimmer is recommending that the Program not lend any additional funds to the Borough until the Borough either (i) receives an investment grade rating from Moody's, (ii) qualifies for support under the State's Qualified Bond Act or (iii) the Program modifies its credit standards in a manner in which the Borough would qualify for funding.

- 8J.** Executive Director Zimmer introduced Resolution No. 12-20 extending thanks and appreciation to Mr. Steven Gardner for his service as Secretary to the Board of the New Jersey Environmental Infrastructure Trust since 2009. Chairman Victor presented Mr. Gardner a plaque honoring his service

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

EXECUTIVE SESSION:

9. No Executive Session was held.

Mr. Gardner moved to adjourn the meeting. The motion was seconded by Mr. Requa. The motion was carried 6 to 0 with 0 abstentions.

The meeting was adjourned at 11:10 a.m.