



New Jersey
Environmental
Infrastructure Trust

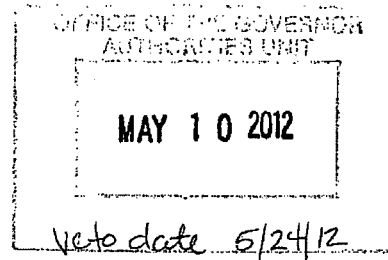
"Financing New Jersey's
Water Quality Future"

Warren H. Victor, Chairman
Herbert Barrack, Vice Chairman
Robert A. Briant, Sr. Treasurer
Andrew P. Sidamon-Eristoff, State Treasurer
Bob Martin, DEP Commissioner
Richard E. Constable, III, Acting DCA Commissioner

David E. Zimmer, CFA, Executive Director

May 10, 2012

Honorable Chris Christie
Governor of the State of New Jersey
State House
PO Box 001
Trenton, NJ 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 May 10, 2012 Trust Board 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,

David E. Zimmer
Assistant Secretary

DEZ::jam
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
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May 10, 2012

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – MAY 10, 2012

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, May 10, 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
Fred Sickels
(for DEP Commissioner Martin)
Adrienne Kreipke
(for State Treasurer Sidamon-Eristoff)
James Requa
(for DCA Acting Commissioner)
Richard E. Constable, II)

OTHERS

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

Executive Director Zimmer reported that he is in receipt of a letter from DEP Commissioner Martin appointing Mr. Fred Sickels as his representative for today's meeting.

(*) Participated via teleconference

May 10, 2012

APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the April 12, 2012 Trust Board meeting. Mr. Briant moved for the approval of the minutes. Mr. Requa seconded the motion. The minutes were approved 6 to 0 with 0 abstentions.

Chairman Victor opened discussion of the minutes of the April 26, 2012 Trust Board meeting. Mr. Briant moved for the approval of the minutes. Mr. Requa seconded the motion. The minutes were approved 6 to 0 with 0 abstentions.

ANNOUNCEMENTS:

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

- The Trust participated in the Barnegat Bay Blitz II held yesterday, May 9th. The Blitz was a joint clean-up effort of the Barnegat Bay Watershed conducted by DEP Commissioner Bob Martin and his entire team. With an estimated 5,000 volunteers, it is the largest organized environmental clean-up in the State's history. The Blitz produced very positive press for the Governor's Barnegat Bay initiative, the DEP and the State's focus on environmental issues. The Trust joined DEP's Municipal Finance group and helped clean up Barnegat light. It was a wet day and was enjoyed by many.
- Executive Director Zimmer continues to attend biweekly meetings conducted by the DEP, chaired by Assistant Commissioner Siekerka to discuss and implement the Governor's 10-point Barnegat Bay initiative.
- Bond Sale for the NJEIT 2012A, 2012B and 2012C Bond Series was held on April 18, 2012. The Trust has received AAA/AAA/Aaa ratings from all three rating agencies. A detailed report is scheduled for presentation to the Board under Agenda Item 8B of today's meeting.
- Closings were held on May 2, 2012 for participants in the bond sale Series 2012A, 2012B and 2012C at the Offices of McCarter & English.
- Executive Director Zimmer and Assistant Director Scangarella attended the Camden County MUA ground breaking ceremony held on May 7, 2012 for the \$50 million Atlantic interceptor project that recently received funds in the 2012 Financing Program. This project will have significant water quality improvements to the Pinelands National Preserve and surrounding areas.
- Executive Director Zimmer attended the Frenchtown Wastewater Treatment Plant ground breaking ceremony on April 24, 2012.

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- Executive Director Zimmer and Assistant Director Scangarella attended a presentation by Howard Woods on “Rate Setting for Sewer and Water” held on May 3, 2012.
- Trust and DEP staffs held a meeting at the Trust on May 3, 2012 with Princeton University regarding the University’s proposed “Arts and Transit Neighborhood Project.”
- Chief Budget Officer Hansbury attended the Conference of Mayors held in Atlantic City, NJ from April 25 through April 27, 2012.
- On May 4, 2012, the Trust conducted an “Autodesk Technology Proof of Concept Presentation” to review and validate the workflow of required electronic submission of documents for participation in the NJEIFP. Stakeholders present included Program participating engineers, DEP and EIT technical staff.
- Several Trust and DEP internal meetings were held during the past month regarding:
 - Internal meeting between DEP and the Trust to discuss Drinking Water financing
 - Conference Calls were held between DEP and the Trust to discuss HCIA’s audit status, Change Order status, and Kemsco payment
- Executive Director Zimmer reminded all Board members of their requirement to submit Financial Disclosures by May 15, 2012 and forward their submission confirmation to Josephine Manzo.
- The next Board meeting is scheduled for Thursday, June 14, 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 April 2, 2012, each of the 2010 Financing Program participants received a CD version of their closing documents (a list is attached).
- On April 9, 2012 a letter was sent to Mayor Jamel Holly of the Borough of Roselle regarding Escrow Closing of the Borough’s project.
- 5.02 Certificates were sent for the 2008 financing Jersey City MUA Project Number W0906001-002,003,004-1; 2008 financing Middlesex Water Company Project No. W1225001-001; 2008 financing Gloucester Township MUA Project

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No. S340 365-04/05; 2008 financing Western Monmouth UA Project No. S340 128-01 and financing East Windsor MUA Project No. S340 536-06.

- Pre-Award Approvals were awarded to the following projects:
Pemberton Township, Project No. 0329004-002; Kearny Town, Project No. 0907001-001; Hamilton Township MUA 0112001-002; Hightstown Borough, Project No. 1104001-005; Hightstown Borough, Project No. S340915-03 and S340915-02.

PUBLIC COMMENTS:

- No public comments were made.

UNFINISHED BUSINESS:

- 7A. Mr. Patel 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 \$1.9B; and 647 closed projects totaling \$3.3B making a grand total of 958 projects at \$5.2B.

Mr. Barrack questioned the completion percent regarding the Passaic Valley SC, Project No. S340689-18. DEP's, Mr. Shymon reported that the scope of work of this project was redesigned and the percentage amount refers to that portion only.

Mr. Patel reported DEP will be notifying those borrowers that received Authorization to Award and have not submitted requisitions that they have 30 days to reallocate funds.

- 7B. Mr. Patel discussed the SFY2013 Combined Financing Loan Program:

Financing within the traditional program reflects 66 Traditional and Barnegat Bay Clean Water applications totaling \$344,869,000 and 43 Traditional Drinking Water applications totaling \$125,903,000

Within the Second Chance Financing Program there are 8 Clean Water Supplemental applications totaling \$62,786,000

Totals for the SFY2013 Financing Program for both Programs are 74 Clean Water applications at \$407,655,000 and 43 Drinking Water Applications at \$125,903,000 making a grand total of 117 applications at \$533,327,808.

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

Document Scanning: Pursuant to Board Resolution 12-05, the Trust issued an RFP for Document Scanning Services Phase 2 on May 4, 2012. Proposals are due May 24, 2012. Executive Director Zimmer expects to present a recommendation for award at the June Board Meeting.

Investment Advisor: Pursuant to Board Resolution 12-04, the Trust is refining the RFP for Investment Advisory Services. The Trust has a due diligence conference call for tomorrow and expects to issue the RFP early next week.

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 May.

- 7D.** Executive Director Zimmer reported that since the April 12, 2012 meeting, the Trust issued and closed on the SFY2012 Financing Program. Consequently, there were no new Interim Financing Program loans closed during this period, on which to report.

This report concerning the following interim loan is 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:

NEW BUSINESS:

- 8A.** Executive Director Zimmer introduced Resolution No. 12-25 accepting the March 2012 Treasurer's Report.

Executive Director Zimmer announced that the Trust is in receipt of bills totaling \$163,359.14. The individual breakdown is as follows:

| | |
|---|--------------|
| Princeton Pike Office Park, LLC (Rent – May 2012) | \$ 9,480.45 |
| Cutwater Asset Management (Investment Advisor – March 2012) Pursuant to Trust Resolution No. 10-27 | \$ 9,132.21 |
| Public Financial Management, Inc. (Financial Advisory Services – March 2012) | \$ 41,431.50 |
| The Bank of New York Mellon (Trustee: NJEIT 2008A (11/1/11 – 10/31/12) Pursuant to Trust Resolution 08-18 | \$ 3,500.00 |

| | |
|---|---------------------|
| The Bank of New York Mellon (Trustee: NJEIT 1995A&B/2004A Refunding Bonds Pursuant to Resolution No. 95-21 | \$7,000.00 |
| Zend Technologies, Inc. IT Purchases of Servicer – Linus – Platinum – 12 Month subscription, Developer Solution – Linux, Studio-Perpetual License w/web-based support (3) Invoice # US0015112 | \$ 6,591.00 |
| Standard & Poor’s (Ratings Service for NJEIT 2012AB&C Bonds | \$43,500.00 |
| LeClair Ryan (Special Counsel Matter) | \$37,763.78 |
| J&J Staffing Resources (Part-time Salaries) | <u>\$ 4,960.20</u> |
| TOTAL | \$163,359.14 |

The resolution was moved for adoption by Mr. Briant and seconded by Mr. Requa. The motion was carried 5 to 0 with 0 abstentions. (Mr. Sickels left the meeting temporarily)

- 8B.** Mr. Zimmer introduced Resolution No. 12-26 approving the Bond Sale Report for Series 2012A, 2012B and 2012C. On April 18, 2012 a competitive sale for Bond Series was held resulting in the following:

| Bond Series | Successful Bidder | Bond Series Amount | True Interest Cost |
|--------------|------------------------------|--------------------|--------------------|
| Series 2012A | Barclays Capital, Inc. | \$77,342,154.10 | 2.729420 % |
| Series 2012B | Wells Fargo Bank, N.A. | \$24,448,394.50 | 3.220007% |
| Series 2012C | Janney Montgomery Scott, LLC | \$ 4,750,106.70 | 3.541858% |

The resolution will acknowledge receipt of the Executive Director’s Report concerning the terms of the sale and ratifies all actions taken. The resolution was moved for adoption by Mr. Briant and seconded by Mr. Barrack. The motion was carried 6 to 0 with 0 abstentions.

- 8C.** Mr. Zimmer introduced Resolution No. 12-27 authorizing the procurement of office computer servers and desktop computers. The Trust is designing and developing a shared data base and combined construction management and loan servicing system known as H21Oans. DEP and the Trust will utilize this system to process and administer loan applications, reduce redundancy and improve accuracy. This resolution authorizes \$23,000 for the purchase of 3 servers (2 replacements and 1 additional for data redundancy and increased data storage capacity) and for the purchase of 40 desktop computers and 80 monitors required for Phase 1 not to exceed \$72,000 (\$1,800 per unit for 40 units).

Assistant Director Scangarella addressed Ms. Kreipke's concerns regarding the necessity of the equipment and its compatibility with the Department of Treasury's IT office equipment. Mr. Scangarella reported that half of the equipment will be purchased for the initial start of the H21Oans system and anticipating deployment of the remaining computers within three or four months eliminating a second approval by the Board. The equipment will be used by both the Trust and DEP staffs to review and track changes and view several digital documents at once with the dual monitor system.

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

- 8D.** Mr. Zimmer introduced Resolution No. 12-28 authorizing the execution of an office lease agreement with the Prince Pike Office Park, LLC for 3131 Princeton Pike, Office Building 4, Lawrenceville, NJ. Under Resolution No. 11-29, which established a Business Relocation Committee to review and recommend a new lease space for the Offices of the Trust, the Committee recommended that the Office of the Trust relocate within the current business park to Office Building 4, Suite 216.

Executive Director Zimmer addressed Ms. Kreipke's concerns regarding costs negotiations, responding that the Trust was able to negotiate an original \$13 per square foot to \$10 per square foot with an estimated annual cost of \$6.45 for common area maintenance resulting in the rental of approximately 800 to 900 additional square feet and reducing the total annual lease cost by \$8,800. This resolution authorizes the Executive Director to execute a five year lease agreement with Princeton Pike Office Park, LLC, to the terms and conditions set forth within this resolution.

Mr. Barrack requested that an option to renew the lease be incorporated into the lease agreement.

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

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- 8E.** Mr. Zimmer introduced Resolution No. 12-29. This resolution amending Resolution No. 12-19 adopted on March 15, 2012 authorizing the Trust to make direct Loans to certain Borrowers, including authorizing of a direct loan to Hamilton Township MUA with respect to Project Number 0112001-001 and 0112001-002.

Ms. Kreipke requested further clarification as to the division of loan monies between the Trust and DEP.

Executive Director Zimmer explained that it was determined that HTMUA had achieved eligibility to receive principal forgiveness from NJDEP with respect to Project No. 0112001-002 (the HTMUA Principal Forgiveness Project). Pursuant to the policies of the NJEIFP the availability of principal forgiveness results in a greater portion of the costs of the HTMUA Principal Forgiveness Project that may be financed with the proceeds of the NJDEP loan, resulting in the Direct Trust Loan providing up to 40% (as opposed to 25%) of the financial assistance from the Financing Program. In addition, the two HTMUA projects now must be financed through two separate Direct Trust Loans, because Projects receiving principal forgiveness cannot be combined with Projects that are not receiving principal forgiveness.

The authorized Direct Loan amount for Project #0112001-001 will be \$343,546 (Fund: \$255,101; Trust: \$85,034) and for Project #0112001-002; \$769,270 (PF: \$156,423; Fund: \$469,720; Trust: \$300,000). The Direct Trust Loans will remain compliant with the Trust's Direct Loan Policy.

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

EXECUTIVE SESSION:

- 9.** No Executive Session was held.

Mr. Briant reported on Washington review for a clean water funding program that the house expects to vote on within the next month.

Mr. Briant 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 10:47 a.m.