NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – JULY 12, 2012

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, July 12, 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 Commissioner Constable)

OTHERS

David E. Zimmer, Executive Director
Frank Scangarella, Assistant Director
Lauren Seidman Kaltman, Chief Financial Officer
John Hansbury, Chief Budget Officer
Kerstin Sundstrom, Governor's Authorities Unit
Clifford T. Rones, Deputy Attorney
Richard Nolan, McCarter & English LLP
Eugene Chebra, Municipal Finance & Construction
Lisa Price, Equal Opportunity & Contract
Geoffrey Stewart, Public Financial Management
(via conference call)

Executive Director Zimmer announced that he received a letter from DEP Commissioner Martin appointing Mr. Fred Sickels as his representative for this Board meeting.
July 12, 2012

APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the June 14, 2012 Trust Board meeting. Mr. Barrack moved for the approval of the minutes. Ms. Kreipke 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:

- Biweekly meetings continue to be conducted by the DEP, Chaired by Assistant Commissioner Siekerka to discuss and implement the Governor’s 10-point Barnegat Bay initiative.

- On June 18, 2012, Executive Director Zimmer attended the ribbon cutting ceremony at the Parsippany-Troy Hills $25MM Wastewater Treatment Plan

- On June 20, 2012, Trust and DEP staffs held a conference call with representatives of the Borough of Califon to discuss supplemental financing through the NJEIFP for costs to complete a storm water runoff project.

- On June 21, 2012, Trust senior staff and Trust bond counsel met with representatives of Bayonne MUA to discuss the issue of privatization.

- On June 26, 2012, Trust staff and Trust bond counsel met with representatives of the Rahway Valley Sewerage Authority to discuss the issue of privatization.

- On June 27, 2012, Trust and DEP staff and Trust bond counsel held a conference call with the Borough of Flemington to discuss project financing.

- On June 27, 2012, Executive Director Zimmer had a conference call with Linda Peterson of the US Agriculture Department NRCS regarding joint funding a storm water project in Frenchtown.

- On June 28, 2012, Trust and DEP staffs met with the staff of Ocean County Utilities Authority to discuss capital projects that will enhance the waters of the Barnegat Bay.

- On July 3, 2012, DEP Director Sickels met with Executive Director Zimmer to discuss the design and implementation of a small systems loan program.

- The next Board meeting is scheduled for Thursday, August 9, 2012 at 10:00 a.m. at the Offices of the Trust.
July 12, 2012

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 June 1, 2012, a letter was sent to Mr. Thomas Cardis of Gloucester Township regarding the financing of the Lake Renee Drainage Improvement project.

- On June 4, 2012, a letter was sent to Mr. Len Roeber, Administrator of Berkeley Township, regarding the bypass of Project No’s. S340969-10, BBE59 and BBB33.

- On June 22, 2012, letters were sent to applicants requesting billing contact information for their projects. The letter advised that effective immediately, no funds will be disbursed for their projects until their billing contact information has been submitted.

- On June 27, 2012, thank you letters were sent to all Legislators who sponsored the Program’s SFY2013 legislation.

- 5.02 Certificates were sent for the following:
  - 2001 Montclair Twp., Project No. W0713001-005
  - 2008 Borough of Runnemed, Project No. S340363-04/05
  - 2008 Borough of Beachwood, Project No. W1504001-003, 004 & 005
  - 2010A West Orange Twp., Project No. S340686-06F
  - 2010A South Orange Village Twp., Project No. S340686-06E
  - 2010A Newark City, Project No. S340686-06D
  - 2010A Irvington Township, Project No. W340686-06C
  - 2010A Hillside Township, Project No. S340686-06B
  - 2010A Elizabeth City, Project No. S340686-06A

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 340 active projects totaling $1.6B; and 716 closed projects totaling $3.8B making a grand total of 1056 projects at $5.5B.
July 12, 2012

7B. Mr. Chebra 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 8 Clean Water Supplemental applications totaling $62,786,000 for a net Clean Water application total of $407,655,000.

The traditional Drinking Water Program reflects 43 applications totaling $125,903,000 reflecting a grand total for both the Clean Water and Drinking Water Programs of 117 projects at $533,558,000.

The Board discussed the Construction Status Report focusing on those projects that have a deobligated balance and the course of action that the DEP is taken to address those projects.

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

Document Scanning: The Trust is re-evaluating the scope of services related to the document management system. The Trust anticipates issuing a revised RFP by the end of August.

Investment Advisor: Pursuant to Resolution 12-04, the Trust issued the RFP for Investment Advisory Services and received 3 proposals. The Trust will make its recommendation for award for Investment Advisor services under Agenda Item 8I.

Marketing Services: Pursuant to Resolution 12-33, the Trust anticipates issuing the RFP by the end of July.

Commercial Paper: Pursuant to Board Resolution 11-44, the Trust continues to refine the RFP and expects to issue it by the end of July.

NEW BUSINESS:

8A. Executive Director Zimmer introduced Resolution No. 12-35 accepting the June 2012 Treasurer’s Report.

Executive Director Zimmer announced that the Trust paid bills totaling $411,517.39 in June. The Trust is in receipt of bills for the remainder of June totaling $836,240.28. The breakdown of bills is as follows:

Princeton Pike Office Park, LLC
(Rent – July 2012) $ 9,480.45

Mercadien $ 22,736.00
(Final billing on account of CW/DW SRF Funds audit services for the year ended June 30, 2011)
July 12, 2012

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Dell Marketing L.P. (Purchase of new NJEIT Servers and Storage Unit and Software Licenses)</td>
<td>$ 22,632.83</td>
</tr>
<tr>
<td>Dell Marketing L.P. (Purchase of 38 new Dell Monitors and 19 new Dell Desktop Computers for NJDEP)</td>
<td>$ 33,241.26</td>
</tr>
<tr>
<td>U.S. Bank (Trustee: NJEIT 1993/2003 Refunding Bonds (5/1/12-4/30/13))</td>
<td>$ 5,000.00</td>
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<tr>
<td>PFM Asset Management LLC (2012 North Hudson SA Defeasance – Structuring and Verification Services)</td>
<td>$ 3,500.00</td>
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<tr>
<td>J&amp;J Staffing Resources (Part-Time Salaries Invoice #291043, 291772, 292142, 292522, 292892)</td>
<td>$ 15,043.00</td>
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<td>Treasurer, State of New Jersey (Estimated Salary and Fringe Reimbursement SFY2012 thru June 30, 2012)</td>
<td>$682,064.28</td>
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<tr>
<td>Cutwater Asset Management (Investment Advisor Services – May 2012)</td>
<td>$ 9,813.92</td>
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<tr>
<td>Cutwater Asset Management (Investment Advisor Services – June 2012)</td>
<td>$ 9,500.00</td>
</tr>
<tr>
<td>LeClair Ryan (Special Counsel Fees)</td>
<td>$ 8,853.54</td>
</tr>
<tr>
<td>The Bank of New York Mellon (Trustee: NJEIT 2000/2006A Refunding)</td>
<td>$ 7,000.00</td>
</tr>
<tr>
<td>Source Media (The Bond Buyer annual subscription)</td>
<td>$ 3,095.00</td>
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<tr>
<td>Thomson Reuters LLC (Thompson Wire Notice 2012AB&amp;C Financing)</td>
<td>$ 4,280.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$836,240.28</strong></td>
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The resolution was moved for adoption by Mr. Briant and seconded by Mr. Barrack. The motion was carried 6 to 0 with 0 abstentions.
8B. Executive Director Zimmer introduced Resolution No. 12-36 acknowledging receipt of approval letters from Governor Christie and State Treasurer Sidamon Eristoff authorizing the issuance of Environmental Infrastructure Refunding Bond Series 2012A-R, Bond Series 2012B-R (Federally Taxable), Bond Series 2012C-R (Federally Taxable) and Bond Series 2012D-R. 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 Ms. Kreipke and seconded by Mr. Briant. The motion was carried 6 to 0 with 0 abstentions.

8C. Agenda items 8C – 8F, NJEIT's Supplemental Bond Resolutions, were introduced by Executive Director Zimmer collectively for discussion purposes only.

Executive Director Zimmer noted that due to the need for Series 2012A-R and 2012B-R refunding to move forward unimpeded by various tax and compliance issues; the decision was made to segregate the bonds in these two bond series from those bonds in Series 2012C-R and 2012D-R. Series 2012A-R, 2012B-R and 2012D-R meet the State’s savings threshold set at an NPV of 3% of refunded PAR amount. Series 2012C-R NPV savings from this refunding is estimated at 2.2% of refunded PAR amount. Affirmative approval from the Joint Budget Oversight Committee (JBOC) is therefore, required for this Series due to the fact that NPV savings is less than 3%. The Series 2012C-R is being sought to refund tax-exempt NJEIT debt with federally taxable debt of three borrowers'; Bayonne Municipal Utility Authority and Bayonne Local Redevelopment Authority and Rahway Valley Sewerage Authority. This refunding will enable these borrowers to enter long-term management agreements with private firms for the operations of their facility without having to prepay their outstanding NJEIT and DEP debt upon agreement execution.

Bond Counsel representative Richard Nolan of McCarter & English LLP then explained to the Board that any of NJEIT”s state reserve funds currently being held to support the outstanding bonds would continue to be used to support the new refunding bonds so as to mitigate any concerns from the rating agencies.

Executive Director Zimmer introduced Resolution No. 12-37 acknowledging approval of the NJ Environmental Infrastructure Refunding Bond Resolution Series 2012A-R. Refunding Series 2012A-R refunds current NJEIT bonds having an outstanding PAR face amount of $216,945,000. The NPV savings from this refunding is estimated at $17,573,515 or 8.1% of refunded PAR.

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

8D. Executive Director Zimmer introduced Resolution No. 12-38 acknowledging approval of the NJ Environmental Infrastructure Refunding Bond Resolution Series 2012B-R. Refunding Series 2012B-R (federally taxable) refunds current NJEIT bonds having an outstanding PAR face amount of $1,295,000. The NPV savings from this refunding is
estimated at $215,533 or 16.6% of refunded PAR.

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

8E. Executive Director Zimmer introduced Resolution No. 12-39 acknowledging approval of the NJ Environmental Infrastructure Refunding Bond Resolution Series 2012C-R. Refunding Series 2012C-R (federally taxable) refunds current NJEIT bonds having an outstanding PAR face amount of $27,170,000. The NPV savings from this refunding is estimated at $600,213 or 2.2% of refunded PAR.

Affirmative approval from the Joint Budget Oversight Committee (JBOC) is required for the Series due to the fact that NPV savings is less than 3%. The Series is being sought to refund tax-exempt NJEIT debt with federally taxable debt of three borrowers’; Bayonne Municipal Utility Authority and Bayonne Local Redevelopment Authority and Rahway Valley Sewerage Authority. This refunding will enable these borrowers to enter long-term management agreements with private firms for the operations of their facility without having to prepay their outstanding NJEIT and DEP debt upon agreement execution.

The resolution was moved for adoption by Mr. Barrack and seconded by Mr. Briant. The motion was carried 6 to 0 with 0 abstentions, with Ms. Kreipke’s approval conditioned upon JBOC approval.

8F. Executive Director Zimmer introduced Resolution No. 12-40 acknowledging approval of the NJ Environmental Infrastructure Refunding Bond Resolution Series 2012D-R. Refunding Series 2012D-R refunds current NJEIT bonds having an outstanding PAR face amount of $36,785,000. The NPV savings from this refunding is estimated at $3,843,125 or 10.4% of refunded PAR.

Executive Director Zimmer noted that this bond series includes portions of outstanding bond series for Rahway Valley SA (RVSA). While RVSA has one bond in the 2012 Series C which must be either defeased privately or refunded completely into a taxable EIT refunding bond, the two original bond series in this refunding fall below the “bad money” threshold for the IRS and can be refunded as tax-exempt bonds. Nonetheless, the bonds in Series 2012D-R was separated from Series 2012A-R so that if, for some reason, RVSA chooses not to move forward with the refunding, RVSA’s decision will not jeopardize any of the other refunding bond series, particularly Series 2012A-R.

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

8G. Executive Director Zimmer introduced Resolution No. 12-41 authorizing the implementation of the State Fiscal Year 2013 Supplemental Financing Program (SFP). Pursuant to the Trust’s enabling act, N.J.S.A.58:11-9.4, the Trust is authorized to provide a short-term loan to a project for which an NJEIFP loan has been previously made for the purposes of paying for eligible project costs which are incurred in excess of the previous
loan amount for activities specifically approved in the previous project loan. Such temporary SFP loans are expected to be eventually financed with the long-term loans from the following year's Financing Program. SFP loans will bear interest rates of 0% for loans to local government units and water utilities serving fewer than 10,000 residents; and interest rates of 2% to water utilities serving greater than 10,000 residents as well as any other private person or local government on behalf of a private person. In addition and consistent with NJEIT's Policy, any such SFP loan requires Board approval through a separate Resolution.

This Resolution sets forth an individual principal loan amount cap of $300,000 per loan and a Program loan amount cap of $2 million. The SFP will be funded with cash-on-hand.

Executive Director Zimmer and Assistant Director Scangarella addressed Board concerns regarding the differences between traditional Supplemental loans and temporary SFP loans as Mr. Barrack voiced concerns regarding the specific names of these two Programs.

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

8II. Executive Director Zimmer introduced Resolution No. 12-42 authorizing the Trust to make a short-term Supplemental Loan to the Borough of Ocean Gate. In the 2010 Financing Program, the Borough of Ocean Gate borrowed $434,179 for a Clean Water project, number W1521001-001. Subsequent to the closing of that loan, the project experienced costs of $75,000 in excess of the original loan amount, but was completed just after the passing of the Program's SFY2013 application deadline. The Borough is requesting not more than $75,000 in additional funds to complete disbursements for the project and will be required to comply with all of the parameters as set forth in the just approved SFY 2013 SupplementalLoan Financing Program.

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

8I. Executive Director Zimmer introduced Resolution No. 12-43 approving the contract award for the services of Investment Advisor to Principal Financial Management Asset Management (PFMAM) for a two year term commencing August 1, 2012 through July 31, 2014. Pursuant to Resolution 12-04, a procurement review committee was created consisting of Assistant Director Frank Scangarella, Chief Budget Officer John Hansbury, Chief Financial Officer Lauren Kaltman and Head Accountant Karen Texany to review proposals. The Trust received 3 proposals. The proposal submitted by PFM Asset Management was determined by the Committee, with Executive Director Zimmer's concurrence, to be the superior proposal.

The resolution was moved for adoption by Mr. Briant and seconded by Mr. Sickels. The motion was carried 6 to 0 with 0 abstentions.
8J. Mr. Briant updated the Board on the status of the Federal Legislation.

- The funding for the SRF federal grants program for FFY2013 is expected to move forward under a Continuing Resolution, meaning that the State of New Jersey should receive the same amount of federal capital grants for FFY2013 as it did in FFY2012 (approximately $82MM).

- Congressman Pascrell has obtained approximately 100 co-sponsors on a bill aimed at increasing the allowable cap on tax-exempt financing of private activity water bonds. Congressman Pascrell will be working on obtaining several hundred co-sponsors for the bill when the Congress reconvenes in September allowing the legislation to move forward quickly.

- Congressman Blumenauer is drafting a Drinking Water Trust bill to compliment the Clean Water Trust bill already in draft form. Both bills would direct future tax revenue set-asides in order to fund environmental infrastructure thereby avoiding the annual appropriations process. The revised bill will likely be ready for Congress by the September session.

EXECUTIVE SESSION:

9. No executive session was held.

Mr. Briant moved to adjourn the meeting. The motion was seconded by Ms. Kreipke. The motion was carried 6 to 0 with 0 abstentions.

The meeting was adjourned at 11:00 a.m.