



New Jersey
Environmental
Infrastructure Trust

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

"Financing New Jersey's
Water Quality Future"

David E. Zimmer, CFA, Executive Director

OCT 19 2012

October 19, 2012

Veto date 11/2

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 October 19, 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, CFA
Assistant Secretary

DEZ:jam
Enclosure

c Honorable Stephen Sweeney, President of the Senate
Honorable Sheila Oliver, Speaker of the General Assembly



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October 19, 2012

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – OCTOBER 19, 2012

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Friday, October 19, 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
Roger Ellis
Michele Siekerka,
(for DEP Commissioner Martin)
Adrienne Kreipke
(for State Treasurer Sidamon-Eristoff)
James Requa
(for DCA Commissioner Constable)

OTHERS

David E. Zimmer, Executive Director
Lauren Seidman Kaltman, Chief Financial Officer
John Hansbury, Chief Budget Officer
Kerstin Sundstrom, Governor's Authorities Unit (*)
Clifford T. Rones, Deputy Attorney General
Richard Nolan, McCarter & English LLP
Eugene Chebra, Municipal Finance & Construction
Lisa Price, Equal Opportunity & Contract

Executive Director Zimmer reported that he is in receipt of a letter from Governor Chris Christie appointing Mr. Roger Ellis as a member of the NJEIT Board. Mr. Zimmer introduced Mr. Ellis and welcomed him to the Board.

(*) Participated via teleconference

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APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the September 13, 2012 Trust Board meeting. Mr. Barrack moved for the approval of the minutes. Mr. Requa seconded the motion.

Ms. Siekerka reported that. Although she was not present at last month's Board meeting, Mr. Fred Sickels, who represented DEP Commissioner Martin in Assistant Commissioner Siekerka's absence, had verified that accuracy of the minutes to her.

The minutes were approved 7 to 0 with 0 abstentions.

Chairman Victor introduced Resolution No. 12-53 in accordance to the NJEIT By-Laws adopted and amended August 14, 1997 and effective September 2, 1997, which requires the Board to elect officers for the purpose of conducting the business of the Trust.

Chairman Victor requested a nomination for the vacant position of Secretary of the Trust. Mr. Briant made a motion to nominate Mr. Rogers for the position of Secretary. The motion was seconded by Mr. Barrack. The motion was approved 6 to 0 with 0 abstentions.

Pending approval of the minutes, Mr. Roger Ellis will serve as Secretary for the Trust for the remainder of the current Officer terms.

A copy of the Director and Officers Liability Coverage Under the Tort Claims Fund effected July 1, 2012 through June 30, 2013 will be forwarded to Mr. Ellis.

ANNOUNCEMENTS:

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

- On October 18, 2012, the Trust, along with a number of civic and environmental groups, schools and governmental subdivisions, joined in partnership with Commissioner Bob Martin and the DEP to volunteer for participation in the Barnegat Bay Blitz Campaign, the third massive clean-up effort event in this watershed. This Campaign is part of the implementation of Governor Christie's 10-point Barnegat Bay Campaign to restore the health of the Bay.
- On September 12, 2012, as authorized under Resolution No. 10-44, Executive Director Zimmer notified TD Bank of the Board's decision to grant them a one-year contract extension beginning November 1, 2012 ending October 31, 2013.
- On September 19, 2012, the Trust received a letter from TD Bank's Vice President, Catherine Alessi, accepting the extension and the terms of the Agreement.

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- On September 19, 2012, Executive Director Zimmer presented a draft plan for Asset Management to the Rahway Valley Sewerage Authority Board for consideration.
- During the week of September 18, 2012, Trust Chief Financial Officer, Lauren Kaltman and Chief Budget Officer, John Hansbury attended the Government Finance Officers Association conference held in Atlantic City, NJ.
- On September 21, 2012, Executive Director Zimmer and CBO, John Hansbury exhibited at the Utilities Transportation Conference Association held in Atlantic City, NJ.
- On October 1, 2012, Trust, DEP and DCA staffs met with Jackson Township's Mayor and his staff to discuss the potential of infrastructure funding for a Jackson Township MUA joint project with the Six Flags Amusement Park.
- On October 9, 2012, Trust staff met with Withium Smith+Brown to discuss initial process control optimization processes.
- On October 17, 2012, Executive Director Zimmer joined DEP Director Fred Sickels, and presentated before the NJ Water Association discussing the requirements and benefits of the newly implemented Nano Infrastructure Loan Program.
- On October 10th, Trust CBO John Hansbury met with The Casino Redevelopment Authority at their Capital Needs Funding Summit which also included staff from the EDA, to discuss the potential funding of water-quality and Redevelopment related projects in Atlantic City
- Several Trust and DEP internal meetings and conference calls were held during the past month regarding:
 - Conference call on the Arthur Road project
 - Conference call on the potential Program funding of an NRG Energy Co-Generation Plant project in Edison, NJ
- Executive Director Zimmer gave the Board an update on the Arthur Road Association project who's representative, Mr. Comerford, attended and spoke on the Association's behalf at the Trust's September Board meeting. A short-term solution that includes having the neighborhood tap into the existing local water supply is being discussed.

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- The next Trust Board meeting is scheduled for Thursday, November 8, 2012 as noted in the original 2012 Public Notice meeting schedule, but may be unnecessary. An official Public Notice will be distributed notifying Board members, staff and the public of the Trust's decision.

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 September 4, 2012, a Notice of Defeasance under U.S. Treasury Regulation Section 1.141-12 was sent to the Internal Revenue Service regarding the establishment of a defeasance escrow for NJEIT's \$66,420,000 Environmental Infrastructure Bonds Series 2003A

Also on September 4, 2012, a Notice of Defeasance under U.S. Treasury Regulation Section 1.141-12 was sent to the Internal Revenue Service regarding the establishment of a defeasance escrow for NJEIT's \$18,175,000 Environmental Infrastructure Bonds, Series 2004B (AMT Bonds)

- On September 13, 2012, Executive Director Zimmer notified the State of New Jersey, Division of Investment, Cash Management Fund of the appointment of Ms. Lauren Kaltman, the Trust's Chief Financial Officer, granting Ms. Kaltman authority to transfer funds within the Trust's referenced checking accounts.
- On September 12, 2012, Executive Director Zimmer sent a letter to Mr. Thomas Martinolich of the Sea Village Marina, LLC regarding the application for a Drinking Water Loan for Project No. 0108021-002.
- On October 5, 2012, Executive Director Zimmer sent a letter to Ms. Elaine Shapiro, President of VES Corporation (Valley View) regarding VES' loan agreement.
- On October 5, 2012, Executive Director Zimmer sent a letter to Mr. Keith Maroon, Manager of Engineering and Construction for the Ocean County UA acknowledging receipt of OCUA's letter notifying the Trust that the OCUA will not be participating in the 2014 Financing Program.
- On October 9, 2012, CD versions of the closing documents for those borrowers participating in the Trust Series 2010A Bonds were distributed to the participants' main contacts, their bond counsel, general counsel and financial advisors. A list of borrowers is attached to the sample letter.

- 5.02 Certificates were sent for the following projects:
 - 2008A City of Newark, Project No. W0714001-003/004-1
 - 2009A Bayonne MUA, Project No. S340 399-28 (ARRA)
 - 2009A Linden City, Project No. S342 005-02
 - 2010A Camden City, Project No. W0408001-017/019 (ARRA)
 - 2010A Long Beach Township, Project No. S340 023-02
 - 2010A Roosevelt Borough, Project No. W1341001-002/003
 - 2010A Eatontown SA, Project No. S340 136-01
 - 2010A Bayonne MUA, Project No. W0901001-003
 - 2010B Waldwick Borough, Project No. W0264001-002

PUBLIC COMMENTS:

- No comments were offered by members of the public.

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 307 active projects totaling \$1.5B; and 748 closed projects totaling \$3.9B making a grand total of 1,055 projects at \$5.4B.

DEP staffs are continuing their outreach efforts to have borrowers return their unliquidated obligation differences between final contract costs and approved loan amounts. This process has been successful. Of the 22 older projects which are still in preconstruction, 12 are now scheduled to go out for bid and the DEP will continue working on the remaining 10 projects.

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

Clean Water Financing Program:

Within the Clean Water Program, the Supplemental Clean Water Program currently reflects 8 applications totaling \$62,786,000; 43 Tradition projects totaling \$199,776,000; and 9 Second Chance projects totaling \$27,048,000 and 6 Barnegat Bay Projects totaling \$14,735,000.

The Clean Water Financing Program has a total of 66 projects for \$304,345,000.

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Mr. Chebra noted that the following projects may not move forward in time to receive financing in SFY2013: Evesham MUA (S340838-04); Atlantic County UA (S340809-22); Bellmawr Borough (S3402011-02); New Jersey City University (S340111-02) and Bay Head Borough (S344120-02).

Drinking Water Financing Program:

The Traditional Drinking Water Financing Program reflects 31 applications totaling \$114,325,000 and 6 Second Chance projects totaling \$10,160,000.

The Drinking Water Financing Program has a total of 37 projects for \$124,485,000.

Mr. Chebra noted that the following project may not move forward in time to receive financing in SFY2013: Hammonton Town (0113001-005).

Grand Totals for both the Clean Water and Drinking Water Financing Programs for SFY2013 now amount to 103 projects totaling \$428,830,000.

Mr. Chebra discussed the SFY2014 Financing Loan Program:

As of the October 1, 2012 deadline, the Trust received 114 LOI's from new borrowers for the SFY2014 Program totaling \$535,783,334.

Efforts encouraging SFY2013 borrowers who might not receive Program Certification in time to receive financing in SFY2013, to resubmit their Letter of Intent (LOI) for SFY2014 were successful. The transition of presently saved information into the SFY2014 Finance Program resulted in 34 projects recommitting reflecting a total of \$133,326,484.

Estimated totals for the SFY2014 reflect 148 projects for a total of \$669MM.

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

Marketing Services: Pursuant to Resolution 12-33, the Trust received proposals from eight (8) qualified bidders for the purpose of providing Marketing Services to the Trust.

The Trust has prepared a summary of the generic terms from the proposals for the Board's Marketing Committee.

On a separate note, Mr. Barrack commented that he and Mr. Briant met with Mercadien and noted in the audit the purpose of the NJEIT's refinancing and the resulted savings to those borrowers. The Trust received a clean annual audit.

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

On September 20, 2012, the Trust closed an interim loan to North Bergen MUA in the aggregate amount of \$3,155,000. On that same day, the Trust received a request for and distributed the entire \$3,155,000 to the North Bergen MUA. The IFP loan will be used for the MUA's installation of an underground force main and the retrofitting of their Central Treatment Plant. The force main will transport wastewater from the North Bergen's Central Treatment Plant to the Northwest Interceptor in Jersey City and ultimately to PVSC's Treatment Plant.

In summary, 5 projects have applied to the Trust for IFP loans totaling \$15.9MM of which 3 loans have closed requesting a total of \$11.5MM.

The Trust distributed a total of \$4,125,278 in funds to 2 of the 3 projects.

This report 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.

EXECUTIVE SESSION:

No Executive Session was held.

NEW BUSINESS:

8A. Executive Director Zimmer introduced Resolution No. 12-54 accepting the September 2012 Treasurer's Report.

Executive Director Zimmer announced that the Trust paid bills totaling \$799,639.52 in September. The Trust is in receipt of bills for the remainder of October totaling \$56,863.25. The breakdown of bills is as follows:

Princeton Pike Office Park, LLC (Rent – October 2012) – Current lease dates 1/15/2007 – 1/14/2012 (currently month-to-month) Annual Rent \$62,675.00 + New Estimated annual nets \$51,090.38 divided by 12 months equals \$9,480.45 per month)	\$9,480.45
PFM Asset Management LLC (Investment Advisor – August 2012) Pursuant to	\$10,702.82

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Trust Resolution No. 12-43, Current contract runs from 7/30/2012 to 7/30/2014. Fee based on aggregate assets under management, Invoice #134442

Public Financial Management (Financial Advisor – Pursuant to Trust Resolution No. 12-23, Current contract runs from 7/01/2012 to 6/30/2014. Invoice No.'s 135586, 135587. Period covered: 7/1/12 to 9/15/12)	\$11,904.01
WithumSmith & Brown, PC (Internal Controls Audit – September 2012): Pursuant to Trust Resolution No. 11-40 appointing WithumSmith & Brown, PC as Internal Controls Auditor.	\$3,997.50
J&J Staffing Resources (Part-Time Salaries Invoice #'s: 297062, 297797, 298162)	\$6,573.35
Bank of America Business Card (Credit Card payment #3737)	\$3,414.81
Dell Marketing LP ((15 copies of VLA VISIO Pro 2010 Software Packages pursuant to purchase order #GSNJJEIT034)	\$4,307.70
RR Donnelly Printing POS/OS 2012 Refunding Bonds	<u>\$6,482.61</u>
TOTAL	<u>\$56,863.25</u>

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

- 8C.** Executive Director Zimmer introduced Resolution No. 12-55 authorizing a one-year extension of its agreement with WithimSmith+Brown, PC for Internal Controls Auditing services. Pursuant to Resolution No. 11-40, the original agreement allowed for an additional one-year extension scheduled to terminate on November 30, 2013, with a total expenditure not to exceed amount of \$125,000, as stated in the terms and conditions of the original agreement.

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

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- 8D.** Executive Director Zimmer introduced Resolution No. 12-56 (i) consenting to the prepayment by the Bayonne MUA; (ii) consenting to the prepayment by the City of Bayonne LRA; and (iii) authorizing the partial defeasance of certain outstanding bonds to the Trust. The BMUA and BLRA will be entering into a long-term management contract with a private company to manage and operate their infrastructure systems. Authorizing the prepayment of these entities' loans and using the proceeds from the prepayment to defease and pay-off the associated Trust bonds will mitigate the potential of adverse impact to outstanding Trust Bonds which were issued and used to make the loans referenced above.

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

- 8E.** Mr. Briant updated the Board on the status of the Federal Legislation.

- Members of Congress are campaigning at this time. Accordingly, no sessions are being held. There is a concern in the Congress that budget cuts and deficit reduction plans will not be in place by December 31, 2012. If funding for infrastructure is not resolved by the end of the year, an automatic Sequestration will occur and the National Wastewater and Drinking Water SRF funding will be cut by \$293 resulting in New Jersey's share of the SRF funding being cut by \$8MM. Mr. Briant's national Coalition is working with other Associations to urge the Congress to resolve infrastructure funding during the Congressional Lame Duck Session in order to avoid these automatic cuts.

- Mr. Briant participated in a meeting with Congressman Earl Blumenauer regarding future plans to educate other members of Congress of the need to establish a Clean Water Trust Fund that could separately generate \$9B annually for the Wastewater SRF program nationally and avoid the general budget process.

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