



**New Jersey
Environmental
Infrastructure Trust**

"Financing New Jersey's
Water Quality Future"

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

David E. Zimmer, CFA, Executive Director

June ¹⁷~~14~~, 2013
LF



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 June 13, 2013 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,

Roger Ellis
Secretary

Enclosure

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



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June 17, 2013

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – June 13, 2013

1. CALL TO ORDER:

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, June 13, 2013 in the conference room of 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey. Vice Chairman Barrack called the meeting to order at 10:00 a.m.

2. OPEN PUBLIC MEETING ACT STATEMENT:

Executive Director Zimmer read the Open Public Meeting Act Statement.

3. ROLL CALL:

Ms. Josephine Manzo conducted the roll call to which Mr. Barrack, Mr. Ellis, Mr. Briant, Ms. Siekerka, Ms. Kreipke, and Mr. Requa all responded affirmatively.

DIRECTORS

Warren Victor, Chairman (*)
Herbert Barrack, Vice Chairman
Roger Ellis, Secretary
Robert A. Briant, Jr., Treasurer
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
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 General
Richard Nolan, McCarter & English LLP
Geoffrey Stewart, Public Financial Management
Eugene Chebra, Municipal Finance & Construction

4. APPROVAL OF THE MINUTES:

Vice Chairman Barrack opened discussion of the minutes of the May 09, 2013 Trust Board meeting.

There were no comments or questions. Vice Chairman Barrack requested a motion for approval.

Mr. Requa moved for the approval of the minutes. Mr. Briant seconded the motion. The motion was carried 6 to 0 with 0 abstentions.

5. ANNOUNCEMENTS:

Executive Director Zimmer summarized the substantive events since the last Trust Board meeting.

- On June 12, 2013, Trust and DEP staff met with representatives from the State Police, Division of O.E.M. to preview the process required for FEMA application and reimbursement for the Trust's Disaster Relief Emergency Financing Program.
- On June 6, 2013, Executive Director Zimmer and Assistant Director Scangarella met with DEP Assistant Commissioner Michele Siekerka, BPU Sr. Policy Advisor Michael Winka and representatives from US DOE and NJ GORR to discuss the merits of a revolving loan program for the State's energy needs.
- On June 3, and June 10th, 2013, respectively, Executive Director Zimmer and Assistant Director Scangarella testified before the NJ Legislature's Senate Environment and Energy Committee and Assembly Environmental and Solid Waste Committee regarding the NJEIFP Program's SFY2014 legislative bills.
- On June 5, 2013, Trust and DEP staff met for a web-demonstration from STR e-Grants to preview the company's federal grant application and management computer system.
- On May 22, 2013, Trust Senior staff and Trust Financial Advisor, Geoff Stewart of PFM Group met separately with representatives of Bank of America and PNC Bank to discuss ideas and issues regarding the Disaster Relief Emergency Financing Program.
- The next Trust Board meeting is scheduled for **Thursday, July 11, 2013 at 10:00 a.m.** at the Trust's offices.

A copy of the full list of announcements and correspondence is available on the Trust's web page in a format that allows for copying at: <http://www.njeit.org/mtgdates.htm>

6. PUBLIC COMMENTS:

Vice Chairman Barrack invited comments from the public. There were no comments.

* Chairman Victor arrived and asked Mr. Chebra to report on Unfinished Business.

7. UNFINISHED BUSINESS:

A. Mr. Chebra, of the NJDEP’s Municipal Finance and Construction Element, reported that there are 269 active projects totaling \$1,448,229,544 and 833 closed projects with loans outstanding totaling \$4,130,832,187 for a grand total of 1,102 projects at \$5,579,061,731.

B. Mr. Chebra discussed the SFY2014 Combined Financing Loan Programs:

SFY2014 Clean Water Financing Program:

Traditional Program:	85 Projects totaling	\$511,910,000
Supplemental Program:	5 Projects totaling	\$48,285,000
Totals	90 Projects totaling	\$560,195,000

SFY2014 Drinking Water Financing Program:

Traditional Program:	73 Projects totaling	\$218,244,000
Supplemental Program:	2 Projects totaling	\$1,906,000
Totals	75 Projects totaling	\$220,150,000

SFY2014 Grand Totals:

Clean & Drinking Water Program Totals:	165 Projects totaling	\$780,345,000
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Mr. Chebra reported that DEP is making progress in closing out projects. In addition, the Intended Use Plan for SFY2015 should be completed by the end of June and will include criteria for Super Storm Sandy projects.

Ms. Kreipke questioned if the project report that was being discussed involved projects which were included in the legislation to receive loans by the end of SFY2014, to which Mr. Chebra confirmed yes.

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

Trustee/Escrow Agent Services

The award of the Trustee/Escrow Agent Services contract was be considered by the Board under Agenda Item 8D later in the meeting.

I.T. Services

Responses to the RFP for I.T. Services approved under Resolution No. 13-09 are due on June 17, 2013 at 12:00 p.m. Executive Director Zimmer added that he expects to make a recommendation for contract award at the July Board meeting.

D. Executive Director Zimmer next reported on the status of the Interim Financing Program (IFP):

The Trust received 2 new IFP loan applications since the last Board meeting. The Trust currently has 11 IFP loan applications totaling \$18.9 million. The Trust has closed on 3 of these IFP loan applications for a total amount requested equaling \$3.096 million. 2 projects have received IFP Loan distributions from the Trust to date totaling \$111,260.

There were no comments or questions.

8. NEW BUSINESS:

A. Executive Director Zimmer asked Trust Chief Budget Officer, John Hansbury to introduce Resolution No. 13-31 accepting the May 2013 Treasurer’s Reports.

Mr. Hansbury presented a revised Treasurer’s Report to the Board noting the addition of a recently received RR Donnelley bill for the printing and distribution of the Official Statement for the Trust Series 2013A&B Bond issuance.

The Trust received revenues in May from administrative fees totaling \$40,965.00 and paid bills totaling \$130,360.52. In the current month, the Trust received and is reviewing bills for payment totaling \$189,681.14.

Chairman Victor asked for comments or questions and hearing none, requested a motion to approve the resolution.

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

The breakdown of pending bills was presented to the board in written form is as follows:

Princeton Pike Office Park, LLC	\$9,480.45
(Rent - June 2013) - 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.	
McCarter & English, LLP	\$28,297.50
(Bond Counsel Services: in connection with the 2013 Disaster Recovery Program - Hurricane Sandy Financing)	

PFM Asset Management, LLC (Investment Advisor - April 2013) Pursuant to Trust Resolution number 12-43, Current contract runs from 7/30/2012 to 7/30/2014. Fee based on aggregate assets under management. Invoice# 143206	\$10,410.92
Public Financial Management, Inc. (Financial Advisor - Pursuant to Trust Resolution number 12-23, current contract expires 6/30/2014)	\$73,439.40
Anderson Aquino LLP (Legal Services for US Bank Trust NA as Master Program Trustee in connection with NJEIT 2013A&B Pooled Financing)	\$6,000.00
J&J Staffing Resources (Part-Time salaries April and May 2013, invoice #'s: 308446, 309118, 309463, 309811)	\$14,362.25
Treasurer, State of New Jersey (NJ Division of Law 3rd Quarter SFY2013 Legal Fees for DAG services)	\$4,137.50
LeClair Ryan (Special Counsel Matter: Ugorji O. Ugorji v. The New Jersey Environmental Infrastructure Trust, procured through the NJ Division of Law, invoice #'s 509344, 515405, 518419, 523961)	\$16,571.52
Fitch Ratings, Inc. (Ratings service for the NJEIT 2013 A&B Bond Issues)	\$22,000.00
RR Donnelley (Printing/Distribution of NJEIT 2013A&B Official Statement)	<u>\$4,981.60</u>
TOTAL	<u>\$189,681.14</u>

- B. Executive Director Zimmer requested that Assistant Director Scangarella introduce Resolution No.13-32 approving the Memorandum of Understanding between the NJ Department of Environmental Protection and the Trust for the purpose of developing and utilizing a single web-based software program. The software Program, known as H2IOans, will be used in the administration of all phases of the NJEIFP.

Chairman Victor questioned the potential need for patent and copyright protection. Mr. Scangarella drew the board's attention to provisions in the Memorandum of Understanding addressing the protections of the intellectual property relative to the NJDEP and the Trust, each defined as a co-

owner and confirmed that counsel had not been retained to address copyright and patent issues. DAG Ronnes advised, that without addressing whether the question had relevance, that further discussion involving legal issues would best be held in Executive Session.

There were no other comments or questions. Chairman Victor requested a motion for approval.

The resolution was moved for adoption by Mr. Barrack and seconded by Mr. Requa.

The motion was carried 7 to 0 with 0 abstentions.

- C. Executive Director Zimmer introduced Resolution No.13-33 approving the Disaster Relief Emergency Financing Program. A revised resolution was distributed to the Board for review and discussion. Executive Director Zimmer discussed a number of specific, individual sections in the Resolution in order to address and clarify all questions and concerns including the financing time line for potential projects, and program qualification requirements. The Disaster Relief Emergency Financing Program (DRP) will issue short-term bridge loans for up to 3 full fiscal years to finance the repair of environmental infrastructure projects, as well as improvements to facilities against future disasters. The resolution establishes the terms and parameters of the Program contingent upon passage by the Legislature and the signature of the Governor.

Executive Director Zimmer reported that he and Assistant Commissioner Siekerka and their respective teams have been working closely with FEMA as well as senior officials in NJ State Police's Division of O.E.M. to review the application and reimbursement processes as they relate to the distribution and transfer of FEMA funds.

The Board discussed requirements for small drinking water systems and the risk concerns inherent with these systems.

Executive Director Zimmer noted that loan agreements for the Disaster Relief Emergency Financing Program are being developed and will be brought before the Board for approval at the next Board meeting. In addition, an RFQ is being developed to be distributed to banks requesting submission of their qualifications and interest for inclusion in the Trust's Pooled Underwriter Contract. All submittals will be in compliance with Trust Policy and Procedure No. 4.00, Procurement of Goods and Services.

Mr. Barrack expressed concerns as to a possible overflow of resiliency projects that may apply for DRP financing and the resulting strain on Program resources. Assistant Commissioner Siekerka responded that projects will be required to follow similar requirements to the EPA guidelines which define the NJEIFP's traditional Program and requested that the Board be given a copy of those guidelines for reference.

Executive Director Zimmer discussed different scenarios regarding the use of Trust funds and the potential impact of the Trust's cash-on-hand to help reduce the cost of the loan Program for participating borrowers.

The Board then discussed the resolution and recommended changes to the language in Section 2

referring to the expenditure of Trust revenues to help subsidize the cost of the DRP. Mr. Scangarella revised the resolution to incorporate the Board's decision to contribute up to \$2 million per year for the next 4 Program years subject to the discretion of the Chairman or Vice-Chairman to present the matter to the Board for approval in the event the Chairman or Vice-Chairman become concerned with the financial impacts of continued contributions by the Trust. Mr. Barrack expressed concern as to whether such contribution might be excessive. Mr. Briant recognized Mr. Barrack's concern but noted that the proposed amendment to the resolution mitigated the potential of future liquidity risk to the Trust.

Chairman Victor requested a motion to approve the amended resolution.

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

- D. Executive Director Zimmer requested that Trust CFO Lauren Kaltman introduce Resolution No. 13-34 authorizing the appointment of U.S. Bank to serve as Trustee and Escrow Agent for the SFY2014 & SFY2015 Financing Programs.

Ms. Kaltman reported that members of the RFP Committee had reviewed and independently ranked each of the three proposals received through competitive advertising authorized under Resolution No. 13-10. The Committee recommended that the contract for Trustee and Escrow services for SFY2014 and SFY2015 be awarded to the firm submitting the highest ranked proposal, US Bank. U.S. Bank also proposed the lowest fee totaling \$30,000 per Trust bond Series for 20 years.

Ms. Kreipke requested a clarification of the fees and Mr. Hansbury confirmed that the actual cost to the Trust would vary based on the number of sales and series. Chairman Victor requested a motion for approval.

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

- E. Executive Director Zimmer introduced Resolution No. 13-35 amending Resolution No. 13-17 which authorized Trust Direct Loans to certain borrowers in the SFY2013 Program. Specifically, with respect to the Borough of Caldwell's Direct Loan for Project No. S340523-04-1, Resolution 13-35 authorized an exception to the Trust's Direct Loan policy, which limits the principal amount of a Trust Direct Loan to \$300,000 by requesting a new loan amount of \$429,930 and a Program financing ratio with the DEP of 50/50. Executive Director Zimmer made this recommendation based on the Borough's timely payments since its original project loan in 2007 and its solid AA-/A1 rating.

There were no comments or questions. Chairman Victor requested a motion for approval.

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

9. **EXECUTIVE SESSION:**

Chairman Victor asked if there was a need for an Executive Session. Executive Director Zimmer responded there was a need for an Executive Session.

Chairman Victor introduced Resolution No. 13-36 to conduct an Executive Session. The resolution was moved by Mr. Briant and seconded by Mr. Ellis. The motion was carried 7 to 0 with 0 abstentions.

Ms. Siekerka excused herself from the Board meeting prior to the start of the Executive Session. The remaining six Board members convened for an Executive Session at 11:50 a.m. to discuss litigation and contract negotiation matters concerning the Trust Board.

The Board reconvened the public session at 12:35 p.m. Minutes of the Executive Session will be available when the need for confidentiality is no longer necessary.

Chairman Victor asked Executive Director Zimmer if there was any future action required by the Board. Mr. Zimmer answered that there was not.

Chairman Victor then asked for a motion for an adjournment.

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

The meeting was adjourned at 12:37 p.m.

SUMMARY OF ANNOUNCEMENTS:

Executive Director Zimmer summarized the substantive events and correspondence since the last Trust Board meeting.

- Trust senior staff continues to meet with DEP Money Team regarding Superstorm Sandy.
- Trust senior staff also continues to participate in SRF funding meetings.
- On June 12, 2013, Assistant Director Scangarella and the IT Team presented the H2IOans environmental planning data management tool to aid the DEP in assessing funding eligibility for Super Storm Sandy impacted properties.
- On June 12, 2013, Trust and DEP staff met with representatives from the State Police Division of OEM to preview the processes required for FEMA application and Reimbursement for the Trust's Disaster Relief Financing Program.
- On June 6, 2013, Executive Director Zimmer and Assistant Director Scangarella met with DEP Assistant Commissioner Michele Siekerka, BPU Sr. Policy Advisor Michael Winka, and representative from US DOE and NJ GORR to discuss merits of a revolving loan program for the State's energy needs.
- On June 3rd and June 10th, 2013, respectively, Executive Director Zimmer and Assistant Director Scangarella testified before the NJ Legislature's Senate Environment and Energy Committee and Assembly Environment and Solid Waste Committee regarding the NJEIFP Program's SFY2014 legislative bills.
- On June 5, 2013, Trust and DEP staff met for a web-demonstration from STR e-Grants to preview the company's federal grant application and management computer system.
- On May 22, 2013, Trust Senior staff and Trust Financial Advisor, Geoff Stewart of PFM Group met separately with representatives of Bank of America and PNC Bank to discuss ideas and issues regarding the Disaster Relief Emergency Financing Program.
- On May 22, 2013, Executive Director Zimmer, DEP Assistant Commissioner Michele Siekerka and her senior staff met with representatives from SRVSA to discuss Statewide Asset Management issues regarding Cleanwater incineration issues.
- On May 21, 2013, Executive Director Zimmer, working with bond counsel, Rich Nolan

and Deputy Attorney General, Cliff Rones, pre-closed the NJEIFP's SFY2014 Environmental Infrastructure Financing Bonds Series 2013A and Series 2013B at the offices of McCarter & English.

- On May 20th and 21st, 2013, Executive Director Zimmer and Chief Financial Officer Kaltman attended the Council of Infrastructure Financing Authorities Conference in Washington, DC. Chief Financial Officer Kaltman participated on a panel for Unliquidated Obligations.
- On May 15, 2013, Chief Budget Officer Hansbury participated in the Omnicap meeting to discuss Arbitrage Rebate.
- On May 10, 2013, Executive Director Zimmer and a team of Trust employees participated with DEP Commissioner Martin, DEP employees, civic and environmental groups, schools and governmental subdivisions, in the Barnegat Bay Blitz Campaign, the fourth 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 May 8th and 9th, 2013, Chief Budget Officer Hansbury exhibited at the NJ Association of Counties, held in Atlantic City, NJ.
- Conference calls continue with the Board of Public Utilities, DEP, EIT and NJCEP to discuss Clean Energy/NJEIFP funding.
- The next Trust Board meeting is scheduled for **Thursday, July 11, 2013 at 10:00 a.m.** at the Trust's offices.

SUMMARY OF CORRESPONDENCE:

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 12, 2013, Assistant Director Scangarella responded to the City of Vineland's request for submission of an Affirmative Action disclosure form.
- On June 11, 2013, Assistant Director Scangarella responded to the City of Pleasantville's request for submission of a Chapter 271 Political Contribution Disclosure Form.

- The SFY2014 Financial Plan for the NJEIT and NJDEP required to be submitted to Legislature before May 15, 2013 pursuant to N.J.S.A. 58:11B-22(a) was forwarded to the Senate President, Assembly Speaker, as well as, Chairpersons of the appropriate Senate and Assembly Committees and was entered upon the Senate Journal in accordance with the statute.
- The NJEIT's SFY2014 Financing Program (May Report) cd version was forwarded to the appropriate Senate and Assembly Committee members highlighting the projects financed in their legislative district, as well as, a list of the 47 projects financed in the SFY2013 EIT Bond pools noting the project's sponsor, description, county, legislative district and its appropriated and certified amount financed.
- The SFY2014 Financial Plan has been posted to the NJEIT website.
- A letter was sent to Assemblyman Singleton thanking him for his support of the Borough of Palmyra's application for Sludge Thickening and Odor Control Project informing him of the Program's project ranking and probabilities of the financing for this project.
- 5.02 Certificates were sent to four current Program borrowers.