



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

October 10, 2013

PUBLIC NOTICE

Public notice is hereby given that the New Jersey Environmental Infrastructure Trust ("Trust") Board of Directors will hold a public meeting on Thursday, October 17, 2013 at 10:00 a.m., in the large conference room, at 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey. Formal action may be taken at this meeting.

To the extent known, the agenda of the public meeting will be as follows:

1. Call to Order – Chairman
2. Open Public Meeting Act Statement
3. Roll Call
- *4. Approval of Minutes of the September 12, 2013 Meeting
5. Announcements
6. Public Comment
7. Unfinished Business:
 - A. Discussion of the Construction Status Report (hand-out)
(E. Chebra)
 - B. Discussion and Status of the SFY2014 Financing Program Projects (hand-out)
(E. Chebra)
 - C. Aged Inventory Report
(L. Kaltman)
 - D. Status of Outstanding Trust Requests for Proposals
(D. Zimmer)
 - E. Update on Closed Interim Financing Program Loans
(D. Zimmer)
8. New Business
 - *A. Discussion and Approval of the September 2013 Treasurer’s Report
(J. Hansbury)
 - *B. Discussion and Approval of a Resolution Approving a Memorandum of Understanding Between the NJDEP and the Trust for Engineering Services for the Trust’s SAIL Program
(D. Zimmer)
 - *C. Discussion and Approval of a Resolution Authorizing the Solicitation of Bids for Engineering Consulting Services for the Trust’s SAIL Financing Program
(F. Scangarella)
 - *D. Discussion and Approval of a Resolution Amending and Restating the SFY2014 Nano Loan Program
(D. Zimmer)
 - *E. Discussion and Approval of a Resolution Amending and Restating the Trust’s Credit Policy
(L. Kaltman)
 - *F. Discussion and Approval of a Resolution Authorizing the Award of Custodial Services Contract for a period not to exceed 3 years.
(D. Zimmer)
9. Executive Session (if necessary)

*ACTION ITEMS

Please note this is a proposed agenda and the New Jersey Environmental Infrastructure Trust may consider and take action on such other business, which may come before it at this public meeting. In addition, the New Jersey Environmental Infrastructure Trust may not act upon the items listed in the above-proposed agenda in its discretion.



**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



September 12, 2013

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 September 12, 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,

A handwritten signature in blue ink, appearing to read "Roger Ellis".

Roger Ellis
Secretary

Enclosure

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



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David E. Zimmer, CFA, Executive Director

September 12, 2013

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – September 12, 2013

1. CALL TO ORDER:

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, September 12, 2013 in the conference room of 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey. Chairman Victor 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 into the record and reported that he had received a letter from State Treasurer Sidamon-Eristoff, appointing Ms. Christine Campbell as his permanent designee and David Patella as her back-up for the Trust Board meetings.

3. ROLL CALL:

Ms. Lynda Fischer conducted roll call to which Mr. Victor, Mr. Barrack, Mr. Ellis, Mr. Briant, Mr. Chebra, and Ms. Campbell all responded affirmatively.

DIRECTORS

Warren Victor, Chairman
Herbert Barrack, Vice Chairman
Roger Ellis, Secretary
Robert A. Briant, Jr., Treasurer
Eugene Chebra
(for DEP Commissioner Martin)
Christine Campbell
(for State Treasurer Sidamon-Eristoff)

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
Steven Betz, Municipal Finance & Construction

(*) Participated via teleconference

4. APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the August 8, 2013 Trust Board meeting.

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

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

5. ANNOUNCEMENTS:

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

- On September 6, 2013, Executive Director Zimmer was invited and met with Assemblyman Singleton to discuss Disaster Relief Emergency Financing Program that was passed in the past year in further detail, as well as, EIT Legislation.
- On August 28, 2013, Executive Director Zimmer attended a meet and greet with Assemblyman Singleton.
- On August 28, 2013, Executive Director Zimmer met with AGC of NJ's Chief Executive Officer Jack Kocsis, Jr. and its Executive Director Tom DiGangi.
- On August 27, 2013, EIT and DEP staff met with representatives from PVSC and Ernest & Young to discuss integrity monitoring of projects receiving FEMA funding.
- On August 21, 2013, Chairman Victor, Board Secretary Ellis and Executive Director Zimmer attended a meet and greet with Senator Kean and Assemblyman Bramnick.
- The October 10, 2013 Trust Board meeting has been rescheduled to October 17, 2013 at 10:00 a.m. at the Trust's offices.

SUMMARY OF CORRESPONDENCE:

In keeping with the green initiative, a copy of the full list of announcements and noteworthy correspondence is available on the Trust's webpage in a format that allows for copying at: <http://www.njeit.org/general-information/miscellaneous/board-meeting-agendas>

There were no comments or questions.

6. PUBLIC COMMENTS:

Chairman Victor invited comments from the public. There were no comments.

7. UNFINISHED BUSINESS:

- A. Mr. Betz, of the NJDEP’s Municipal Finance and Construction Element, reported that there are 233 active projects totaling \$1,360,227,642 and 869 closed projects with loans outstanding totaling \$4,213,065,825 for a grand total of 1,102 projects at \$5,573,293,467.
- B. Executive Director Zimmer reported on the aged inventory report as requested by the Board, which highlights long-term outstanding projects. The report identifies projects in order by the year in which each project was financed, name of borrower, project number and type, as well as, remaining available project funds and the percentage of work completed. The Trust is working with both the DEP and Tax Counsel at McCarter & English to identify those projects, which should be categorized as complete so that the Program may take the appropriate steps to close out the remaining Fund Loan and the Trust Loan respectively on these projects.
- C. Mr. Betz discussed the SFY2014 Combined Financing Loan Programs:

SFY2014 Clean Water Financing Program:

Traditional and Supplemental Program:	70 Projects Totaling	\$467,346,000
Supplemental Program:	5 Projects Totaling	\$48,285,000
Track II Projects:	7 Projects Totaling	\$31,894,000
Barnegat Bay Projects:	6 Projects Totaling	\$9,677,000
Total Clean Water Projects	88 Projects Totaling	\$557,202,000

SFY2014 Drinking Water Financing Program:

Traditional and Supplemental Program:	63 Projects Totaling	\$178,395,000
Supplemental Program:	2 Projects Totaling	\$1,827,000
Legacy:	1 Project Totaling	\$2,678,000
Track II Projects	10 Projects Totaling	\$39,849,000
Total Drinking Water Projects	76 Projects Totaling	\$222,749,000

SFY2014 Grand Totals:

Clean & Drinking Water Program Totals:	164 Projects	\$779,951,000
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There were no comments or questions.

- D. Executive Director Zimmer reported on the status of the Trust's outstanding **Requests For Proposals (RFPs)**:

RFP for Custodial Banking Services

On September 5th, the RFP for Custodial Banking Services was distributed and posted on the Trust's website. Responses are due to the Trust on October 8th and a recommendation for Award will be presented at October's board meeting.

RFQ for Prequalified Banks for Line of Credit

The Trust received and reviewed 2 responses for the RFQ. Both responses were deemed to be unresponsive. This RFQ is an action item that will be discussed under Agenda Item 8C.

- E. Executive Director Zimmer reported on the status of the **Interim Financing Program (IFP)**:

- a) The Trust did not receive any new applications for the previous month and currently has a total of 14 IFP loan applications totaling \$18,762,419.
- b) The Trust has closed on 5 loans in the past month including; (i) Atlantic Highlands/Highlands RSA for \$2,833,082 for force main replacements; (ii – iv) 3 loan applications for Manchester MUA for a new storage tank, demolition of the old tank, and reservoir security in the aggregate amount of \$1,727,945; and (v) Ewing-Lawrence SA for a Planning & Design IFP loan for \$500,000 for design costs for improvements to a treatment facility. Eleven (11) IFP loan applications have closed for a total amount of \$17,414,919.
- c) The Trust disbursed funds to 6 projects this past month to AHH-RSA, Ocean Gate Borough, Merchantville-Pennsauken WC, and 3 projects for Manchester MUA. Seven (7) projects have received IFP loan disbursements from the Trust to date totaling \$2,569,271.

This IFP report was provided to the Board of Directors of the Trust in satisfaction of the requirements of Section 6 of the authorizing Resolution No. 11-44 adopted by the Trust on December 8, 2011.

There were no comments or questions.

- F. Executive Director Zimmer updated the Board as to the status of the **Process Control Audit** contract with Withum Smith + Brown (WSB):

Process Control Audit

WSB has worked with Trust staff to identify the business processes of the Trust, and prioritized those processes that are critical to the functioning of the Trust or pose the greatest risk to financial loss. WSB will be working with the Trust over the next 6 weeks to review the policies and procedures currently in place to determine whether these procedures are sufficient enough to protect the Trust from loss and if not, what additional measure are needed. A report will be presented by WSB of their findings to the Audit Committee upon completion of this work in October.

The current contract with WSB expires on October 31, 2013. A new Agenda Item (8G) requests authority to issue a new contract to a responsive bidder to complete this crucial work.

There were no comments or questions.

8. NEW BUSINESS:

- A. Executive Director Zimmer requested Trust’s Chief Budget Officer, John Hansbury to introduce Resolution No. 13-48 accepting the August 2013 Treasurer’s Reports.

Mr. Hansbury presented the Report announcing that, in August, the Trust received revenues from fees totaling \$2,728,705.58 and paid bills totaling \$57,023.75 and that the Trust had received and is reviewing bills for payment totaling \$361,230.45.

Mr. Hansbury asked if there were any comments or questions regarding the report as presented. Hearing none Chairman Victor requested a motion for approval.

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

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

Princeton Pike Office Park, LLC (Rent - September 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.	\$9,480.45
PFM Asset Management, LLC (Investment Advisor - July 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#	\$11,374.15
Public Financial Management, Inc. (Financial Advisor - Pursuant to Trust Resolution No. 12-23, SFY2013 Financing Program (5/6/13 - 6/30/13), Emergency Loan Program and Statewide Assistance Infrastructure Loans (SAIL). Invoice#'s 146566, 146568	\$20,475.20
McCarter & English, LLP (Bond Counsel: SFY2014 Financing Program, Various other projects)	\$206,284.75
Omnicap Group LLC (Arbitrage Rebate Consultant - Pursuant to Trust Resolution No. 11-43)	\$58,300.00

J&J Staffing Resources (Part-Time salaries August 2013, invoice #'s: 308778, 313011, 313370, 313735, 314108, 314470)	\$23,615.90
TD Wealth (Loan Servicing Fees in connection with the NJEIT 2001 A, B & C Bonds)	\$6,000.00
Princeton Pike Office Park, LLC (Downpayment on proposed extra glass work to be completed in connection with the Trust's new offices in Building #4)	\$9,200.00
Princeton Pike Office Park, LLC (Downpayment on proposed extra electrical work to be completed in connection with the Trust's new offices in Building #4)	\$6,000.00
Bank of New York Mellon (Trustee Services in connection with the NJEIT 2008A Bonds (9/1/13 - 8/31/14))	\$3,500.00
Bank of New York Mellon (Trustee Services in connection with the NJEIT 2007A Refunding Bonds (9/1/13 - 8/31/14))	\$7,000.00
TOTAL	\$361,230.45

- B. Executive Director Zimmer introduced members from the Trust’s Investment Advisory Firm, PFM Asset Management, Steve Faber and Marty Hammond, who were instrumental with the modifications to the Investment Policy. Executive Director Zimmer then requested Chief Financial Officer, Lauren Kaltman to introduce Resolution No. 13-49 approving the amended and restated Investment Policy with respect to the administration and investment management activities of Trust funds. The Policy, originally adopted under Resolution No. 05-42 and amended under Resolution No. 07-33, was reorganized to include a “Defined Terms” section, as well as schematic work flow diagrams describing the responsibilities of the Board, Investment Committee, EIT Director and staff, and outside professional advisors. The Policy tightens the allowable limits for securities by maturity, sector, industry, rating and issuer. In addition, specific reporting and review requirements were set forth in the amended Policy that strengthen the oversight and compliance functions.

Mr. Barrack then formally recommended the Policy stating that there were a number of communications between the Investment Committee and Trust Staff where a number of recommendations were made and adopted, that it was a collaborative, positive effort with the involvement of a number of parties and that the Committee was comfortable and pleased with the final product.

Mr. Victor thanked and congratulated Mr. Barrack, Mr. Briant and Ms. Siekerka and commented that he felt that Board members were more engaged in, creative and supportive of Trust matters than in the past and commended all.

Ms. Kaltman asked if there were any more comments or questions. Hearing none, Chairman Victor requested that Mr. Barrack move the motion for approval.

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

- C. Executive Director Zimmer requested that the Board temporarily pull the establishment of a Pool of Pre-Qualified Lenders from the September Agenda as the Trust received feedback from lenders regarding the lending of fixed rate, short-term funds on Tuesday and needed additional time to review alternative solutions. Executive Director Zimmer commented that Trust staff will bring recommendations to the Board likely at the October meeting.
- D. Executive Director Zimmer requested that the Board temporarily pull this item from the September Agenda given the dependency on Agenda Item 8C above.
- E. Executive Director Zimmer requested Assistant Director Scangarella introduce Resolution No. 13-50 authorizing the purchase of Avaya telecommunication equipment for the new Trust offices from Strategic Products and Services, a State contracted vendor. The maximum purchase price of \$23,810 includes both equipment, software, maintenance and installation.

Vice Chairman Barrack suggested that the Trust look into getting satellite phone service for emergencies, if the Trust does not already have one. Mr. Scangarella asked if there were any additional comments or questions. Hearing none, Chairman Victor requested a motion for approval.

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

- F. Executive Director Zimmer introduced Resolution No. 13-51 authorizing the purchase of a 100kW backup natural gas powered generator, for the new Trust Offices from the FM Generator, Inc., a State contracted vendor for an amount not to exceed \$36,000. The Trust spends approximately 3 to 5 business days or the equivalent of \$20,000 to \$32,000 per year on salaries and benefits for time that is not worked due to power outages from storm effects. The cost of the backup generator will easily recoup itself within 2 years.

Mr. Briant asked if there is a need for the generator to be elevated and whether the cost included the potential for this additional expense. Mr. Hansbury answered that when the permits are applied for from the Township, elevation will be addressed and there could be the potential for a minor cost, if required.

Mr. Chebra asked if the cost estimate includes a maintenance contract noting that FEMA requires maintenance contracts and records for any replacement generator to ensure proper maintenance of

the equipment which it is funding. Mr. Hansbury answered that the cost does not include a maintenance contract and that one will be requested.

Executive Director Zimmer asked if there were any additional comments or questions. Hearing none, Chairman Victor requested a motion for approval.

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

- G. Executive Director Zimmer introduced Resolution No. 13-52 authorizes the issuance of an RFP for Internal Control Audit services. The term of the contract will be 1 year with a 1-year extension at the Board's discretion. The cost of the contract is limited to the amount remaining on the original \$125,000 contract re-approved under Resolution 12-55 which extended the WSB contract, or approximately \$80,000. In the event additional funds are needed to complete the work, the Trust will be required to come back to the Board for further authorization.

Executive Director Zimmer asked if there were any comments or questions. Mr. Barrack commented that the Trust is a leader in bringing the standards of a State agency in line with Sarbanes-Oxley requirements for private business. Chairman Victor then requested a motion for approval.

The resolution was moved for adoption by Mr. Barrack and seconded by Mr. Briant. The motion was carried 6 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 not.

Chairman Victor asked Executive Director Zimmer if there was any further action required by the Board. Mr. Zimmer answer there was not.

Chairman Victor then asked for a motion for adjournment.

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

The meeting was adjourned at 10:52 a.m.

RESOLUTION NO. 13-48

**RESOLUTION AUTHORIZING APPROVAL OF THE
AUGUST 2013 TREASURER'S REPORTS**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer's Report for August 2013 and

WHEREAS, the Trust has placed in its files certain correspondence relating to expenses incurred in relation to the Trust.

NOW THEREFORE BE IT RESOLVED THAT the Trust hereby accepts the Treasurer's Report for August 2013 and requests that the same be entered into the record.

Adopted Date: September 12, 2013

Motion Made By: Mr. Chebra

Motion Seconded By: Mr. Ellis

Ayes: 6

Nays: 0

Abstentions: 0

RESOLUTION NO. 13-49

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AUTHORIZING AND ADOPTING AN AMENDED AND RESTATED INVESTMENT POLICY WITH RESPECT TO THE ADMINISTRATION AND INVESTMENT MANAGEMENT OF FUNDS OF THE TRUST AND FUNDS FOR WHICH THE TRUST IS RESPONSIBLE

WHEREAS, the New Jersey Environmental Infrastructure Trust (the “Trust”), pursuant to and in accordance with the “New Jersey Environmental Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”) (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same has been, and in the future may from time to time be, amended and supplemented (the “Act”), is authorized to invest moneys of the Trust not required for immediate use, including, without limitation, proceeds from the sale of any bonds, notes or other obligations, all as provided in the Act; and

WHEREAS, prior to the date hereof, the Trust adopted, and thereafter amended, a policy (as amended, the “Prior Policy”) for the administration and investment management by the Trust, pursuant to the Act, of moneys of the Trust not required for immediate use, including, without limitation, proceeds from the sale of any bonds, notes or other obligations; and

WHEREAS, in furtherance of the responsible and prudent administration and investment management by the Trust, pursuant to the Act, of moneys of the Trust not required for immediate use, including, without limitation, proceeds from the sale of any bonds, notes or other obligations, a comprehensive policy statement, amending and restating the Prior Policy, has been developed that establishes standards for such administration and investment management, in a manner consistent with the Act (the “Policy Statement”), which Policy Statement is attached hereto as Exhibit A and made a part hereof; and

WHEREAS, it is the desire of the Trust to amend and restate the Prior Policy through the authorization and adoption of the Policy Statement in the form attached hereto as Exhibit A and made a part hereof.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Trust (the “Board”) that the Board hereby authorizes and approves (i) the amendment and restatement of the Prior Policy through the adoption by the Trust of the Policy Statement, in the form attached hereto as Exhibit A and made a part hereof, with such immaterial modifications thereto as the Executive Director of the Trust shall approve, following consultation with Bond Counsel to the Trust, the Office of the Attorney General of the State and the Financial Advisor to the Trust, and (ii) the implementation of such Policy Statement pursuant to the terms thereof. This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date: September 12, 2013

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Briant

Ayes: 6

Nays: 0

Abstentions: 0

EXHIBIT A
INVESTMENT POLICY

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

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

David Zimmer, Executive Director



INVESTMENT POLICY

September 2013

POLICY AND PROCEDURE

NO. 1.22

SUBJECT: Investment Policy

REVISION HISTORY: Adopted: **PENDING** Effective:

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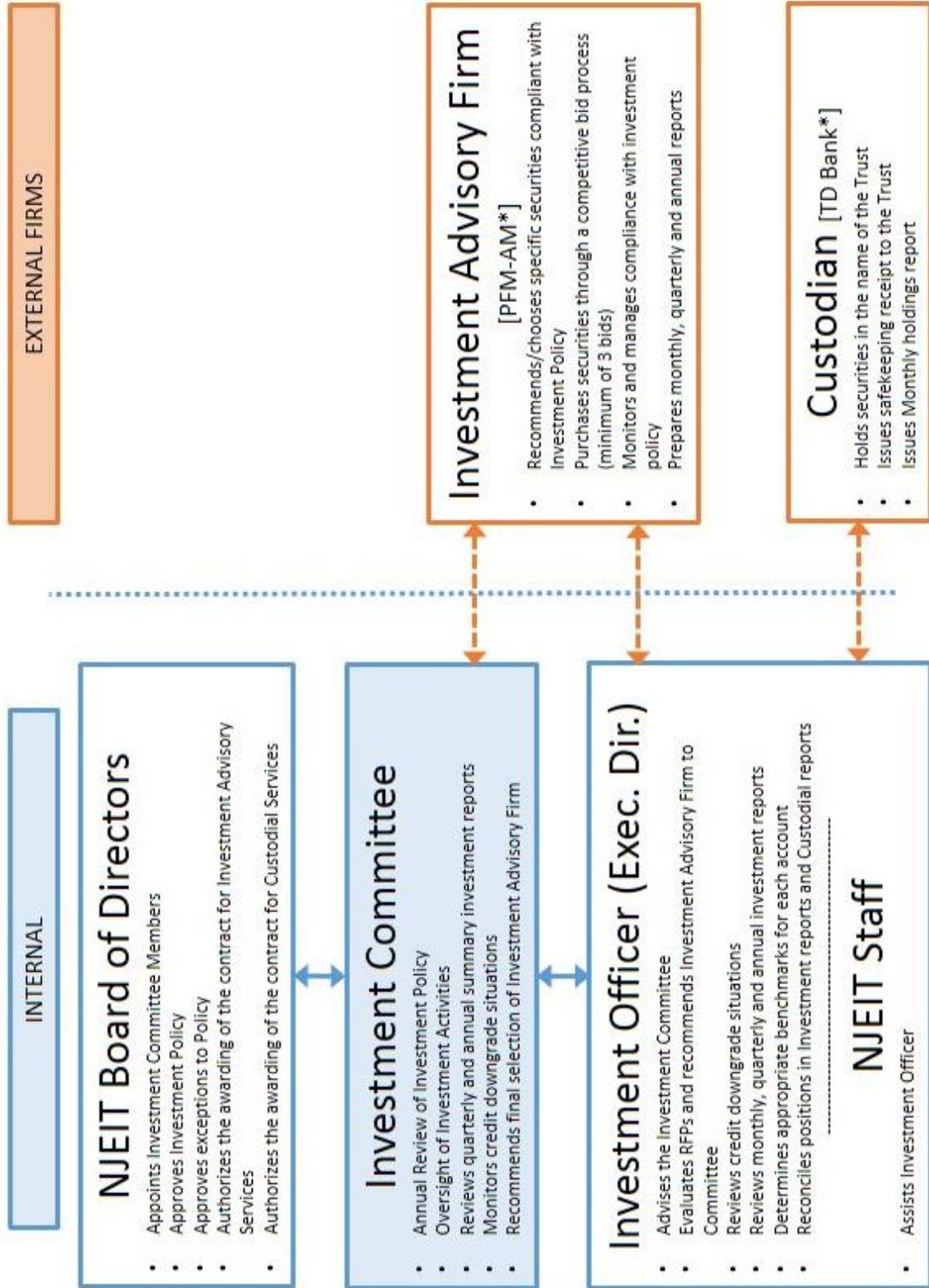
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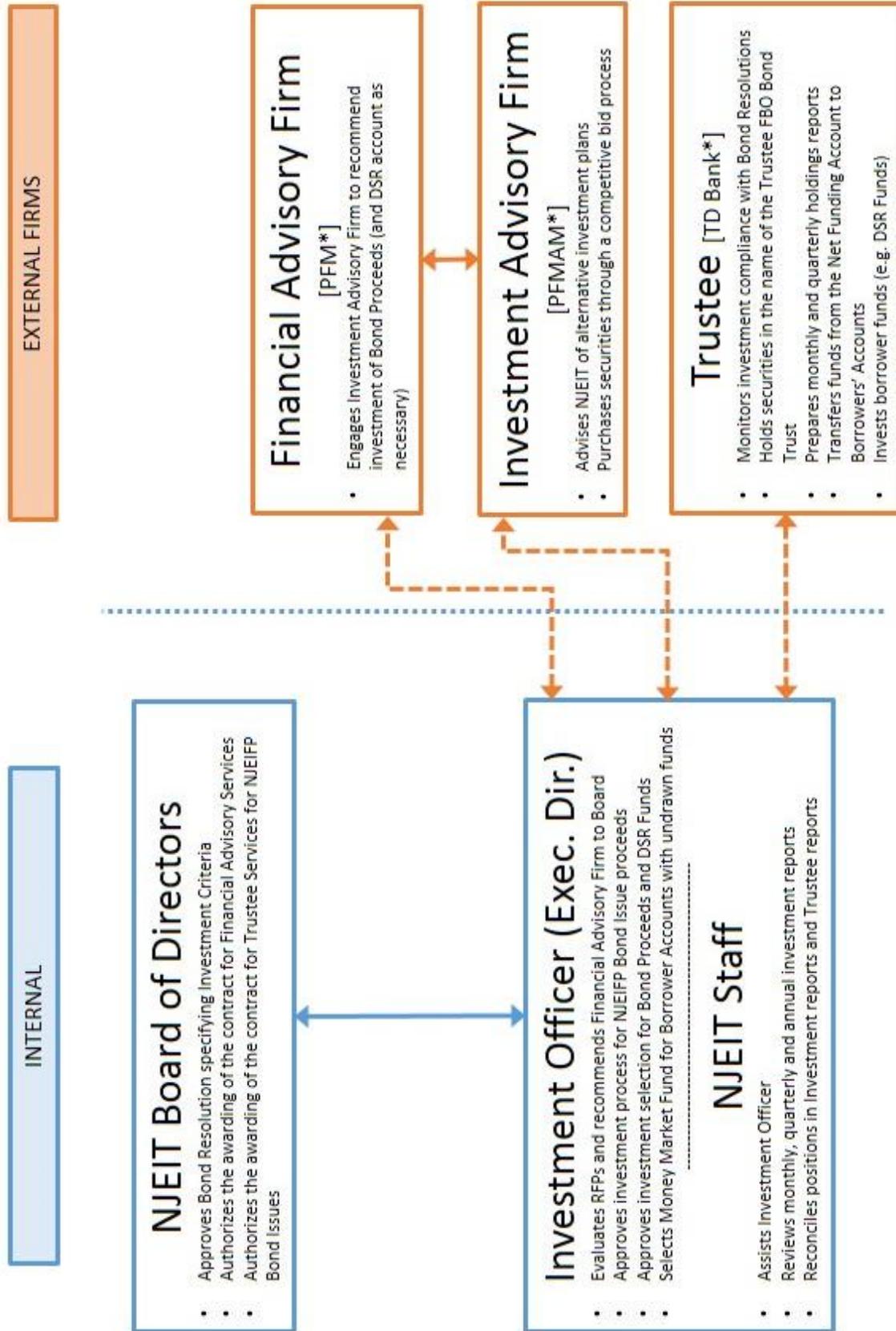
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1. Responsibilities - Trust CA\$H-on-Hand



* [External firms] which are currently under contract. Continued service subject to competitive bid procurement.

2. Responsibilities - Bond Proceeds



* [External firms] which are currently under contract. Continued service subject to competitive bid procurement.

I. Purpose

The purpose of this Investment Policy Statement (“Policy”) is to set forth the investment and operational policies for the management of the Investment Activities (“Activities”) on behalf of the New Jersey Environmental Infrastructure Trust (“NJEIT” or the “Trust”).

The underlying policies are designed to ensure that the Activities are consistent with the Trust’s overall financial needs and result in compliance with the Policy, the prudent management of invested funds, the timely availability of operating, administrative, and capital funds, all while generating a sound Investment Return.

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in “Investment Policy Defined Terms” attached hereto as Exhibit A.

II. Scope

This Policy governs the overall administration and investment management of all funds available for investment (“Investment Portfolio”) by or on behalf of the Trust, including, without limitation, the Proceeds of bonds or notes issued by the Trust, funds being utilized for Debt Service Reserve purposes, funds of the State of New Jersey, and funds of the New Jersey Department of Environmental Protection (“Department”). This Policy may only be superseded by and shall be subject to the terms and provisions of (i) bond resolutions duly adopted by the Trust and specific to bonds or notes issued by the Trust and the Proceeds of such bonds or notes, and (ii) the New Jersey State Investment Code for funds of the Trust, the State or the Department. This Policy shall apply to Investment Portfolio funds from the time of receipt until such time that the funds are no longer held by or on behalf of, or are the responsibility of, the Trust. The guidance set forth herein is to be strictly followed by all those responsible for any aspect of the Activities and management or administration of the Investment Portfolio, including NJEIT staff, NJEIT Board members, NJEIT’s executive personnel, and, when applicable, NJEIT’s outside Investment Advisory Firm.

III. Investment Objectives

The primary objective of the Trust’s Activities, in order of priority, shall be (i) safety of Principal, (ii) Liquidity, and (iii) yield/Investment Return.

1. Safety of Principal

Safety of Principal is the foremost objective of the Activities. The objective is to mitigate both credit risk and interest rate risk.

a. Credit Risk

NJEIT will seek to minimize credit risk, defined as the risk of an adverse change in market value or loss of Principal due to either (i) the actual or perceived failure of the Issuer of any security held in the Trust’s portfolio, or (ii) the actual or perceived failure of an Investment Intermediary performing investments services to the Trust by:

- Limiting investments to the types of securities listed in Section VI of this Policy;
- Pre-qualifying the Financial Institutions, Brokers/Dealers, intermediaries, and advisors with which the Trust will do business (See Section VII.3 of this Policy for specific criteria);
- Diversifying the Investment Portfolio so that the impact of potential losses from any single asset class or Issuer will be minimized;
- Limiting Counterparty Risk by following the provisions in Section VII.3 of this Policy, maintaining an approved list of pre-approved counterparties, and having programs in place to monitor those pre-approved counterparties. The Trust may rely on outside Investment Advisory Firm(s) for maintaining the list of pre-qualified counterparties and having adequate Due Diligence programs in place; and
- Limiting the Trading Exposure or the amount of trades outstanding with any one counterparty at any given time. Except for Activities associated with bond sale Proceeds, neither the Trust nor any of its representatives shall execute and have outstanding investment trades with one counterparty at any given time, whereby the Principal amount represented by such trades exceeds 20% of all Investable Funds thereby minimizing the risk of loss or litigation to the Investment Portfolio should the counterparty be unable to fulfill its obligation for any reason.

b. Interest Rate Risk

NJEIT will seek to minimize interest rate risk, the risk that the market value of securities in the portfolio will fall due to rising interest rates, by:

- Structuring the Investment Portfolio so that security maturity dates meet cash requirements for ongoing operations, and that Durations are managed in-line with the liability nature of each individual fund, thereby avoiding the need to sell securities prior to Maturity.
- Limiting the Duration of each individual account to between 85% and 110% of the Duration of the identified Benchmark for each account. Such Durations shall be identified each quarter and investment compliance of this requirement shall be stated in the Trust’s quarterly performance reports.

2. Maintenance of Liquidity

The Investment Portfolio shall be structured to meet all operating requirements that may be reasonably anticipated. This shall be accomplished by structuring the Investment Portfolio so that securities mature concurrent with cash needs to meet

anticipated demands (Static Liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist of securities with active secondary or resale markets (Dynamic Liquidity).

Monthly cash flow analyses will be conducted by the Investment Officer, with the assistance of the Investment Advisory Firm to ensure that the Investment Portfolio is positioned to provide sufficient Liquidity.

3. Return on Investment

The Investment Portfolio shall be designed with the objective of attaining an optimized market Rate of Return throughout budgetary and economic cycles, taking into account the investment risk constraints and Liquidity needs of the Trust. Return on Investment is of secondary importance compared to the safety and Liquidity objectives described above.

IV. Internal Procedure and Governance

1. Investment Committee

Duly appointed members of the NJEIT Board of Directors (“Board”) shall be appointed by Board resolution to serve as the Trust's Investment Committee (“Committee” or “Investment Committee”). The Committee shall meet at a minimum of once a year to review the progress of the Activities. By adoption of this Policy, the Board hereby grants oversight of the Activities to the Committee. The Committee may, at its discretion, refer any matter to the Board for discussion and action.

This Policy shall be reviewed at least annually by the Committee and the Investment Officer (as hereinafter defined) to ensure its (i) consistency with the overall objectives of the Trust and the Activities (ii) compliance with applicable law, as well as (iii) relevance to financial and economic trends. Any modifications to this Policy will be recommended by the Investment Officer to the Committee and approved by the Board.

2. Delegation of Authority

Management responsibility for the Activities is delegated by the Board to the Trust’s Executive Director (herein referred to as the “Investment Officer”), with support from the Assistant Director of the Trust and the Chief Financial Officer of the Trust, and under the general direction of the Committee. The Investment Officer shall act in accordance with established written procedures and internal controls for the operation of the Activities in a manner consistent with this Policy. (See Exhibit B). If so affirmed by the Committee and in accordance to the Investment Advisory Firm selection process as detailed in Section IV.3 of this Policy, the Investment Officer may delegate certain investment management responsibilities to an outside Investment Advisory Firm. The Investment Advisory Firm must abide by all terms of this Policy as

stipulated in the terms of the contract for Investment Services agreed to by the Investment Advisory Firm and the Trust.

3. Competitive Selection of Investment Advisory Firm

It may be the policy of the Trust to delegate certain investment management responsibilities to a qualified institution through a formal and competitive Investment Advisory Firm selection process.

The Trust shall solicit bids through a Request for Proposal (“RFP”) and evaluate all received responses. An Evaluation Committee, made up of no fewer than three (3) officers of the Trust, including the Investment Officer, (the “Evaluation Committee”) shall review the proposals submitted in response to the RFP. Through the Evaluation Committee, the Investment Officer shall make recommendations to the Investment Committee, which will then evaluate these recommendations and make a final recommendation to the Board. Proposals will be evaluated based on the major evaluation criteria set forth below

- The proposed cost for services and the methodology stated for setting Investment Advisory Firm compensation;
- The Investment Advisory Firm’s experience and capability to efficiently manage funds, maintain accounts and records, and provide all required services;
- The experience and qualifications of the Investment Advisory Firm’s team proposed for the Activity;
- The sufficiency of the Investment Advisory Firm’s assets to assume and execute required responsibilities;
- The Investment Advisory Firm’s reputation as a respected, nationally known, experienced investment management firm;
- Investment Services available and offered by the Investment Advisory Firm; and
- The Investment Advisory Firm’s online capabilities and functionality available to the Trust.

V. Standards of Care

1. Standards of Prudence

There are currently two commonly accepted standards of care in the United States with respect to the general management of investment funds; (i) Prudent Person Rule and (ii) Prudent Expert Rule:

- (i) Prudent Person Rule directs fiduciaries as follows - “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” (*Harvard College v. Armory (1830) MA*).

- (ii) Prudent Expert Rule directs fiduciaries as follows – A portfolio shall be managed “with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.” (*Employee Retirement Income Security Act (ERISA), Section 404(a)(1)(B)*).

(n.b. The main difference between these standards is the “familiar with such matters” clause, which suggests a higher level of standard required by the “Expert” and the acceptance of a portfolio approach to investments under the Expert Rule which allows for greater flexibility involving individual investment decisions).

Management of the NJEIT’s Investment Activities, responsibilities and action, as outlined in this Policy, by the NJEIT Board, Investment Committee, Investment Officer, and Staff regarding funds available for investment on NJEIT’s behalf shall be subject to the "Prudent Person" standard. Further, the Investment Officer and Staff, acting in accordance with this Policy and exercising Due Diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that any deviations from the Policy are reported to the Committee in a timely fashion.

While the Prudent Person Rule is the standard of prudence to be used by investment officials who are officers or employees of the Trust,, any person or firm, including, without limitation, the Investment Advisory Firm, hired or retained to invest, monitor, or advise the Trust concerning the Investment Portfolio and the Activities shall be held to the higher standard of "Prudent Expert".

2. Ethics and Conflict of Interest

Any person involved in the investment process and the Activities, either employed by the Trust, or hired as an advisor to the Trust, including, without limitation, the Investment Advisory Firm (including any individual employed thereby who is assigned by such employer to provide services to the Trust, on behalf of such employer, in connection with this Policy), shall refrain from personal business activity that could conflict with the proper execution and management of the Activities, or that could impair their ability to make impartial decisions. These persons shall not:

- 1) accept any money, loan, gift, favor, service, or business or professional opportunity that could influence them in the performance of their official duties with respect to the Activities;

- 2) accept any business or professional opportunity when they know there is a reasonable likelihood that the opportunity is being afforded to influence them in the performance of their official duties;
- 3) enter into any personal investment transactions with the same individual with whom business is conducted on behalf of the Trust; or
- 4) disclose or use confidential information that is not generally available to the public for their own or another person's financial benefit.

The responsibilities of Trust employees pursuant to the State of New Jersey Conflict of Interest's standards and Rules of Professional Conduct are neither superseded nor limited by this Policy.

VI. Authorized Investments and Asset Classes

The Trust is permitted to invest in those investment securities and vehicles that are specifically listed below , provided, however, that, at the time any investment is made, (i) such investment shall be (a) permitted pursuant to the rules and regulations of the New Jersey State Investment Council or (b) approved by the Director of the Division of Investment in the Department of the Treasury upon a finding that such investments are consistent with the corporate purposes of the Trust, and (ii) if and to the extent the amounts being invested constitute Proceeds of bonds or notes of the Trust, such investment shall be permitted pursuant to the terms and provisions of the duly adopted bond resolution of the Trust pursuant to which such bonds or notes were issued.

Credit criteria listed in this section refer to the credit of the issuing organization at the time the security is purchased. Only credit ratings of Nationally Recognized Statistical Rating Organizations (“NRSRO”) will be observed and considered, including Standard & Poor's, Moody's Investor Service, and Fitch Ratings Service. Ratings are provided by category. For example, the second highest rating category will include bonds rated AA+, AA and AA- for Standard & Poor's and Fitch Ratings and Aa1, Aa2 and Aa3 for Moody's Investors Service.

Investment Portfolio percentage restrictions by security type and Issuer are applicable only on the date of purchase of the investment and are based on market value at the aggregate Investment Portfolio level.

1. Government Investments

- 1) Direct Obligations of the United States of America and securities fully and unconditionally guaranteed as to the Timely Payment of Principal and interest by the United States of America, provided that the Full Faith and Credit of the United States of America must be pledged to any such Direct Obligation or guarantee (“Direct Obligations”).

- a. Sector Limit: the Trust may hold 100% of the Investment Portfolio in this asset class.
 - b. Maturity Limit: no greater than twenty (20) years at time of purchase.
- 2) Any obligation that a Federal Agency or a Federal Instrumentality has issued in accordance with an act of Congress.
- a. Sector Limit: the Trust may hold up to 75% of the Investment Portfolio in this asset class.
 - Mortgage-Backed Securities shall make up no more than 10% of the Investment Portfolio.
 - b. Issuer Limit: no single Issuer shall exceed 35% of the Investment Portfolio.
 - c. Maturity Limit: no greater than ten (10) years at time of purchase, unless the security type is a Callable or Mortgage-Backed Security. Callable Federal Agency Securities shall be further limited to a five (5) year Maturity limit at the time of purchase. Mortgage-Backed Securities shall have a maximum Duration no greater than five (5) years at the time of purchase.
- 3) Municipal Obligations. Taxable and tax-exempt securities issued only by states and state agencies in the United States may be purchased if the following conditions are met:
- a. Sector Limit: up to 30% of the Investment Portfolio may be invested in Municipal Obligations as described above.
 - b. Issuer Limit: no single Issuer shall exceed 5% of the Investment Portfolio.
 - c. Maturity Limit: no greater than five (5) years at the time of purchase.
 - d. Credit Quality: the Issuer has a long-term debt rating in one of the two highest categories by at least two NRSROs and is rated not lower than AA (or its equivalent) by any one NRSRO, or a minimum short-term rating in the top category by at least two NRSROs, depending on whether the security is issued with short-term or long-term ratings.

2. Money Market and Money Market-like Investments

- 1) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52: 18A-90.4), if the following conditions are met:
 - a. Sector Limit: up to 100% of the Investment Portfolio may be invested in this asset class.
- 2) Money Market Mutual Funds may be purchased, if the following conditions are met:
 - Fund must be registered with the U.S. Securities and Exchange Commission (“SEC”) as a Money Market Mutual Fund, comply with SEC Rule 2a-7, and maintain a stable Net Asset Value (“NAV”);

- Investment is permitted in Treasury-Only, Government and “Prime” funds;
 - Fund sponsor must be domiciled in the United States of America; and
 - Before investing in any fund, the most current prospectus must be obtained and reviewed by the Investment Officer or the Investment Advisory Firm.
- a. Sector Limit: up to 100% of the Investment Portfolio may be invested in this asset class.
 - b. Fund Limit: The Trust may hold 100% of the Investment Portfolio in Treasury-only or Federal Government-only funds. No other single fund shall exceed 50% of the Investment Portfolio.
 - c. Credit Quality: the fund is rated in the top Money Market Mutual Fund category by any one NRSRO.

3) Agreements for the repurchase of fully Collateralized securities, if:

- The Custody of Collateral is transferred to a Third Party;
 - The Maturity of the agreement is not more than 30 days;
 - The underlying securities are purchased through a Public Depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41);
 - A Master Repurchase Agreement providing for the custody and security of collateral is executed; and
 - The Fair Market Value of the securities in relation to the amount of the repurchase obligation, including Principal and interest, must be equal to at least 102%.
- a. Sector Limit: up to 10% of the Investment Portfolio may be invested in this asset class.
 - b. Issuer Limit: no single Issuer shall exceed 10% of the Investment Portfolio. For purposes of clarity, other than short-term, Repurchase Agreements described in this Section (VI.2), Guaranteed Investment Contracts (GICs), Forward Delivery Agreements and other such Structured Investment Products are prohibited investments unless agreed to on a case-by-case basis by a vote of the full Board.

3. Corporate Securities

Corporate Debt instruments, including Commercial Paper, Corporate Notes, Certificates of Deposit, Bank Deposit Notes, and Bankers’ Acceptances. In aggregate, these instruments are limited by Sector and Issuer as follows:

- Sector Limit: in the aggregate, up to 50% of the Investment Portfolio may be invested in Corporate Debt instruments of the types listed below;
- Industry Limit: in aggregate, no greater than 25% of the Investment Portfolio may be invested in Corporate Debt Issuers that are categorized by industry type as “Financials”; and

- Issuer Limit: no single Corporate Debt Issuer shall exceed 5% of the Investment Portfolio.
- 1) **Bankers' Acceptances.** Bankers' Acceptances issued by a domestic bank or a Federally Chartered Domestic Office of a foreign bank, which are eligible for purchase by the Federal Reserve System may be purchased for the Investment Portfolio if the following conditions are met:
 - Maturity Limit: no greater than one hundred-eighty days (180) days; and
 - Credit Quality: the issuing corporation, or its guarantor, has a short-term debt rating in the highest category by at least two NRSROs.
 - 2) **Commercial Paper.** Unsecured short-term debt of U.S. domiciled corporations may be purchased for the Investment Portfolio if the following conditions are met:
 - Maturity Limit: no greater than two hundred-seventy (270) days; and
 - Credit Quality: the issuing corporation, or its guarantor, has a short-term debt rating in the highest category by at least two NRSROs.
 - 3) **Certificates of Deposit and Bank Deposit Notes.** Deposit obligations of domestic banks and Federally Chartered Domestic Offices of foreign banks may be purchased for the Investment Portfolio if the following conditions are met:
 - Maturity Limit: no greater than five (5) years at the time of purchase; and
 - Credit Quality: the issuing corporation, or its guarantor, has a short-term debt rating in the highest category by at least two NRSROs or a long-term debt rating in the highest two categories by at least two NRSROs and is rated not lower than A (or its equivalent) by any one NRSRO.
 - 4) **Corporate Notes.** Senior debt obligations issued by corporations organized and operating under the laws of the United States may be purchased if the following conditions are met:
 - Maturity Limit: no greater than five (5) years at the time of purchase; and
 - Credit Quality: the issuing corporation has a long-term debt rating in one of the three highest categories by at least two NRSROs and is rated not lower than A (or its equivalent) by any one NRSRO.

VII. Policy Considerations

1. Credit Downgrade

If a security(ies) in the Investment Portfolio is downgraded to a level below the quality required by this Policy, the Investment Officer shall consult with the Investment Advisory Firm to review the credit situation of the security(ies). Upon completion of such review, the Investment Officer shall make a determination as to whether to sell or retain such security(ies) in the Investment Portfolio and provide a written report to the Committee, informing the Committee of the situation, the investment decision, and the justification for a such a decision.

If a decision is made to retain a downgraded security in the Investment Portfolio, its presence in the Investment Portfolio will be monitored and reported monthly, in writing, to the Investment Officer and the Committee.

2. Exemptions

If the Investment Portfolio falls out of compliance with this Policy, the Investment Advisory Firm shall notify the Investment Officer and present a plan of action, the objective of which will be to bring the Investment Portfolio back into compliance with the Policy. The Investment Officer shall provide regular written reports with respect to such developments to the Committee for as long as the Investment Portfolio is non-compliant with this Policy.

3. Authorized Financial Institutions

All transactions of individual investments shall be executed with qualified Broker/Dealers that meet all of the following criteria:

- a. Primary Dealers and regional Dealers that qualify under Securities and Exchange Commission Rule 15c3-1 (uniform net capital rule);
- b. Capital of at least \$25,000,000;
- c. Registered as a Dealer under the Securities Exchange Act of 1934;
- d. Member of the Financial Industry Regulatory Authority (FINRA);
- e. Registered to sell securities in the State of New Jersey; and
- f. Engaged in the business of effecting transactions in authorized investments of this Policy for at least five (5) consecutive years.

NJEIT may delegate the selection of qualified Broker/Dealers to its Investment Advisory Firm.

4. Sale of Securities

From time to time, securities held in the Investment Portfolio may be traded for other similar securities to improve yield, Maturity, and/or credit risk. For these transactions, a loss may be incurred for accounting purposes, provided any of the following occurs with respect to the replacement security:

- a. Yield has been increased;
- b. Maturity has been adjusted in anticipation of interest rate changes; or
- c. Quality of the investment has been improved.

5. Competitive Selection of Investment Instruments

It will be the policy of NJEIT to transact all security purchases/sales only with qualified institutions through a formal and competitive process requiring the solicitation and evaluation of at least three bids/offers. NJEIT will accept the offer which (a) provides the highest Rate of Return within the Maturity required; and (b) optimizes the investment objective of the overall Investment Portfolio. When selling a security, the

Trust, or when designated, the Investment Advisory Firm on behalf of the Trust, will select the bid that generates the highest sale price. A report of all bid results shall be electronically transmitted or faxed, by the Investment Advisory Firm, the Financial Advisor or other Financial Intermediary who was responsible for managing the bid process, to the Investment Officer for additional record keeping at the Trust. Records of all transactions shall be stored electronically and made available by the Investment Officer to any member of the Committee upon request.

VIII. Safekeeping and Custody

All investment securities purchased for the Investment Portfolio or held as collateral on deposits or investments shall be held by the Trust or by a third-party Custodial Agent who may not otherwise be a counterparty to the investment transaction. All securities in the Investment Portfolio shall be held in the name of the Trust.

Further, all investment transactions will be conducted on a Delivery vs. Payment (DVP) basis. DVP is a means of limiting risk in financial transactions, whereby payment is made through a third-party intermediary simultaneously as securities are delivered and accepted. The Custodial Agent shall issue a safekeeping receipt to the Trust listing the specific instrument, Rate, Maturity, and other pertinent information. On a monthly basis, the Custodial Agent will also provide reports that list all securities held for the Trust, including the book and market values of holdings as of month-end. The Trust will reconcile its account holdings monthly with its custodian's records.

IX. Performance Standards

The Investment Portfolio shall be structured and managed with the objective of obtaining a market Rate of Return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs of the Trust. Appropriate Benchmarks shall be selected for comparison to the various accounts that make up the Investment Portfolio and identified in all quarterly performance reports to the Committee.

X. Reporting

The Investment Officer shall prepare or have prepared an investment report on a monthly basis. The report will include the following:

- a. Listing of individual securities held at the end of the reporting period.
- b. Listing of investments by Maturity date.
- c. Percentage of the total portfolio that each type of investment represents.
- d. Average Weighted Yield to Maturity of investments.

Additionally, on at least a quarterly basis, the Investment Officer shall prepare or have prepared a written investment report that, in addition to the above requirements, includes a management summary that provides analysis of the status of the current Investment Portfolio and transactions made over the last quarter, attached hereto as Exhibit C. The Investment Officer shall provide the quarterly overview report to the Committee. The report will show the investments held in, and performance for, the Investment Portfolio and individual accounts, and shall include a comparison to the relevant Benchmarks for each account, for the current quarter and year-to-date period.

XI. Exceptions to this Policy

Exceptions to this Policy are prohibited without the prior written approval of the NJEIT Board.

XII. Investment Policy Adoption

This Policy is adopted by the Board of Directors of the New Jersey Environmental Infrastructure Trust this 12th day of September, 2013.

XIII. Exhibit A: Defined Terms

Advisory Firm: A firm that provides professional investment or financial advice to an organization or an individual for a fee. The primary purpose of an Advisory Firm in this case, is to provide subject matter expertise as well as access to industry-specific specialists and advisors.

Average Weighted: To aggregate data into an average, based on the relative value weights of each data point. For example, to calculate the average interest rate of a group of securities, it is useful to calculate the average on a weighted basis, with the yield of each security being given a weighting based on the dollar value of that security as a percentage of the dollar value of all the securities.

Bankers Acceptances: A type of investment that is used to facilitate trade transactions between two entities, especially useful in trading international goods. Bankers' Acceptances are used as a short-term investment instrument, and are usually traded at a discount from face value on the basis of the credit quality of the guaranteeing bank. Typically issued with maturities less than one year; may be rated with a short-term rating by any NRSRO (see subsequent definition).

Bank Deposit Notes: A debt security issued by a bank, and backed by federal deposit insurance up to the FDIC insurance coverage amount (the current standard deposit insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category).

Benchmark: An unmanaged Investment Portfolio whose overall performance is used as a market index for measuring the comparative performance of a managed Investment Portfolio. A performance Benchmark should represent a close correlation to the investment guidelines and risk tolerance of the managed Investment Portfolio.

Bond Proceeds: The total monies paid to the Issuer by the purchasers of a new issue of bonds.

Broker/Dealers: A person or firm transacting securities business with customers. A Broker acts as an agent between buyers and sellers, and receives a commission for these services. A Dealer trades financial assets from its own Investment Portfolio, placing its own capital at risk in the trade. A Dealer takes risk by owning an inventory of securities, whereas a Broker merely matches up buyers and sellers.

Callable Bond/Security: Securities which contain an option that provides the Issuer the right to redeem the securities prior to the stated original Maturity, at a predetermined price and time.

Certificates of Deposit (CDs): Obligations issued by a bank or thrift institution, generally offering a fixed Rate of Return for a specified period of time. CDs may be rated with a short-term or long-term rating, depending on the original Maturity date and may be backed by FDIC insurance coverage.

Collateralized: Process by which a borrower pledged securities, property, or other deposits for securing the repayment of a loan and/or security.

Commercial Paper: Short Term unsecured Corporate (promissory) Notes, issued at a discount with a redemption value at Maturity equal to par or face value. Maximum Maturity is typically 270 days; may be rated with a short-term rating by an NRSRO.

Corporate Notes/Debt: Unsecured debt instruments issued by a corporation with a Maturity of greater than one year; may be rated with a long-term rating by an NRSRO.

Counterparty Risk: The risk that the other party to a transaction will fail in its related obligations. For example, in the case of buying a security, the risk that the Broker/Dealer will not deliver the security to an entity's custodian on the agreed-upon date.

Custody of Collateral: Collateral (including but not limited to cash, Government securities, securities, real estate, commodities, and assets) held by a Custodial Agent.

Credit Downgrade: A reduction in the rating assigned to an Issuer. A rating agency downgrades the debt of a company or governmental entity when its ability to meet its financial obligations deteriorates or is expected to deteriorate.

Custodial Agent: A Financial Institution that holds a customer's securities, in the customer's name, so as to minimize the risk of their theft or loss. Service normally includes the holding and reporting of the customer's securities and values, the collection and disbursement of income/coupon payments and maturities received.

Debt Service Reserve Fund: An account usually funded in whole or in part with Bond Proceeds. This account is set aside in reserve to pay debt service if revenue sources are insufficient to pay debt service.

Delivery vs. Payment (DVP): Settlement procedure in which securities are delivered simultaneously upon the transfer of cash payment for said securities. Most security transactions are performed via DVP as a protection for both parties to a transaction.

Direct Obligation: A security issued under obligation of the U.S. Government, backed by the Full Faith and Credit of the Federal Government.

Due Diligence: Exercising proper care when presenting or acting on a potential investment, idea, or strategy, with a goal of avoiding or preventing unanticipated harm.

Duration: A measurement of interest rate sensitivity, which shows the effective Maturity of a fixed income obligation, using the average of the time to each revenue stream (coupon or Principal payment) made on the obligation on a weighted basis. The greater the Duration of an

obligation, the greater the percentage price sensitivity/volatility with respect to changes in interest rates.

Dynamic Liquidity: Obligations having active secondary or resale markets.

Fair Market Value: The price that a given asset or security is expected to sell for in the market, at a specific point in time.

Federal Agency: Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a Financial Intermediary by borrowing in the marketplace (issuing bonds and notes) and directing Proceeds to specific areas of the economy. The most common federal agencies are GNMA, FNMA, FHLMC, FHLB, FCCB, and TVA.

Federal Instrumentality: An entity that serves a public purpose and is closely tied to federal and/or state government.

Federal Reserve System: The independent central bank system of the United States that establishes and conducts the nation's monetary policy. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven-member Board of Governors known as the “Federal Reserve Board” and led by its Chairman.

Federally Chartered Domestic Office: Financial Institutions authorized and regulated by the federal government rather than the state government.

Financial Institutions: An entity that focuses its business on transacting in the financial markets, such as investments, loans and deposits. Conventionally, Financial Institutions are composed of organizations such as banks, Broker/Dealers, custodians, insurance companies, and trust companies.

Financials: Issuers that focus their business on providing financial services, such as banks and trust companies.

FINRA: Financial Industry Regulatory Authority, a private corporation that acts as a self-regulatory organization (SRO), performing financial regulation of member brokerage firms and exchange markets. FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD).

Forward Delivery Agreements: An agreement for the delivery of an underlying asset at a date agreed upon in a forward contract. At the Forward Delivery date, one party will supply the underlying asset and the other will purchase the asset at a price agreed upon at the onset of the contract or trade date.

Full Faith and Credit: The unconditional guarantee that accompanies the interest and Principal of obligations issued by in this case, either the United States of America or U.S. Municipalities.

Guaranteed Investment Contracts (GICs): Insurance contracts that guarantee the repayment of Principal and a fixed or floating interest rate for a predetermined period of time.

Government MM: A Money Market Mutual Fund that invests in high-quality, short-term Money Market instruments that consist of U.S. Government obligations and Repurchase Agreements Collateralized by U.S. Government obligations.

Intermediary: An entity that acts as a Broker between two parties in a financial transaction.

Investable Funds: The aggregate amount of funds available for investment.

Investment Committee: The Committee, made up of certain members of NJEIT Board of Directors, according to the Trust's Investment Policy as originally established by Resolution No. 05-52 and further amended in Resolution 13-40, which oversees the investment and operational policies and Activities for NJEIT's investment program.

Investment Portfolio: All funds available for investment on NJEIT's behalf.

Investment Return: Investment performance measured over a period of time that includes income received and any realized and unrealized gains or losses. Realized gains are captured when a security is sold, whereas unrealized gains are estimated gains on paper for current holdings, and are thus not yet realized.

Investment Services: Those services offered by an investment advisor related to the prudent management of the Trust's Investment Portfolio.

Issuer: An entity that develops, registers, and sells securities for financing its operations. Issuers are legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities required by the regulations of their jurisdictions.

Liquidity: The relative ease of converting an asset into cash; also, a relative measure of cash and near-cash items in a portfolio of assets.

Long Term Debt Rating: An NRSRO's forward-looking opinion of the general creditworthiness of an Issuer over a period exceeding the next 365 days.

Master Repurchase Agreement: An agreement that is used to govern and document Repurchase Agreements (see subsequent definition) and protect the interest of parties in a Repurchase Agreement transaction.

Maturity: Date on which the final Principal payment of a financial obligation is to be paid and the obligation satisfied in full.

Maturity Limit: A limit to the length of time until financial obligations reach Maturity, set forth by an entities' investment policy.

Money Market Funds: A type of mutual fund generally believed to provide daily Liquidity, which invests solely in short-term market instruments, generally having maturities less than one year such as: U.S. Treasury bills, Commercial Paper, Bankers' Acceptances, and Repurchase Agreements.

Mortgage-Backed Securities: Mortgage-Backed Securities represent an ownership interest in a pool of mortgage loans made by Financial Institutions, to finance the borrower's purchase of a home or other real estate. The majority of Mortgage-Backed Securities are issued by Federal Agencies, including GNMA, FNMA and FHLMC. Mortgage-Backed Securities carry specific reinvestment risks as Principal and interest payments are uncertain and dependent on the timing of payments on underlying mortgages as determined and paid by the mortgage borrowers (homeowners). Expected payment streams are sometimes "prepaid," when homeowners refinance or sell their properties.

Municipal Obligations: A security issued by a state, municipality, or county to finance its capital expenditures.

Net Asset Value (NAV): The market value of one share of an investment company, such as a Money Market Mutual Fund.

New Jersey State Investment Code: Regulations, including those of the New Jersey State Investment Council, governing the permitted investments as well as the limitations of investments in various assets and securities for public entities operating in New Jersey.

NRSRO: Nationally Recognized Statistical Rating Organization, an organization of which the SEC has deemed to have a strong national presence in the United States of America. Examples include: Fitch, Moody's, and S&P.

Prime MM: A Money Market Mutual Fund that invests in high-quality, short-term Money Market instruments that consist of U.S. Government obligations, Repurchase Agreements, and Corporate Debt instruments.

Principal: The face value of a financial instrument on which interest accrues, or the original investment amount.

Prudent Person: A legal adage restricting a fiduciary's discretion in a client's account by directing that "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their

affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” (*Harvard College v. Armory (1830) MA*).

Prudent Expert: A measure contained in Section 404(a)(1)(B) of the Employee Retirement Income Security Act (ERISA) that requires the fiduciary of a defined contribution retirement plan to use the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.” The "familiar with such matters" language has been interpreted to mean "expert". This language creates an important distinction from the earlier Prudent Person guideline, in that it holds fiduciaries to a stricter standard of care and action. In addition, the Prudent Expert identification of a portfolio approach suggests that individual security decisions, taken out of context of an entire portfolio, may be imprudent.

Public Depository: A public entity that accepts deposits of cash for safekeeping of behalf of the depositor.

Rate: Amount of expected earnings/(payments) received/(owed) from/(on) an investment/(liability), expressed as a percentage of the funds that were invested/(borrowed).

Repurchase Agreement: A short-term investment vehicle in which an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the Agreement.

Return on Investment (ROI): The economic benefit of investing. ROI is calculated by first subtracting the cost of the investment from the gains of the investment, then dividing the difference by the cost of the investment. (See below.)

$$\frac{[(\text{Gain from Investment}) - (\text{Cost of Investment})]}{(\text{Cost of investment})}$$

SEC Rule 2a-7: Rule 2a-7 of the Investment Company Act of 1940, which restricts the quality, Maturity, and diversity of investments by Money Market Funds.

Sector Limit: The maximum amount of money that an entity can invest in any one asset class. Sectors are widely defined as U.S. Treasuries, federal agencies, Corporates, Municipals, and Money Market Funds.

Short Term Debt Rating: Short Term Debt Rating looks at the probability of an entity defaulting or being unable to repay a financial obligation within a one year time frame. In contrast, a Long Term Debt Rating evaluates the same probability beyond the one year time horizon.

State of New Jersey Cash Management Fund: An NAV money-market-like investment fund, administered and managed by the New Jersey Department of Treasury, which provides a legal depository for municipal or school district funds.

Static Liquidity: Structuring an Investment Portfolio such that securities will mature and investment funds will be available in cash form concurrent with the expected cash demands / Liquidity needs of the investor.

Structured Investment Products: Investment products designed to specifically meet an investor's financial needs, typically derived from a security, portfolio of securities, index, commodity, or debt issuances.

Third Party: An individual or entity that is involved in a transaction but is not one of the principals.

Timely Payment: A payment that has been paid on or before the due date, to ensure there is no default or accrual of any interest or penalties.

Trading Exposure: The dollar amount of outstanding trades with a single counterparty, expressed as a percentage of Investable Funds of the Trust. The Trust has established a limit such that the amount of outstanding trades with any one counterparty shall not exceed 20% of Investable Funds of the Trust and thereby has mitigated the risk that the default of any single trading counterparty cause irreparable harm to the Trust's Investment Portfolio.

Treasury Securities: Collective term used to describe debt instruments backed by the U.S. Government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, and Treasury bonds.

Treasury-only MM: A Money Market Mutual Fund that invests in nothing but short-term U.S. Treasury Securities and other securities that are 100% backed by U.S. Treasuries.

Yield to Maturity: Calculated Return on Investment (ROI), assuming all cash flows from the security are reinvested at the same original yield. There are different day count conventions for calculating YTM for various types of securities.

- XIV. Exhibit B: Investment Policies & Procedures**
- XV. Exhibit C: Quarterly Report – Review of Investment Portfolio**
(See attached PDF from PFM Asset Management)

RESOLUTION NO. 13-50

**RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
AUTHORIZING THE PURCHASE OF TELECOMMUNICATIONS EQUIPMENT FROM STRATEGIC
PRODUCTS AND SERVICES**

WHEREAS, the Trust is authorized to procure personal property pursuant to N.J.S.A. 58:11B-5(g); and

WHEREAS, the Board authorized the Executive Director to solicit proposals for an Office Telecommunications System pursuant to Resolution No. 13-04; and

WHEREAS, upon further review it was discovered that the State of New Jersey has executed a telecommunication contract with Avaya, Inc. and Strategic Products and Services as a State authorized vendor of Avaya telecommunications equipment and services; and

WHEREAS, Pursuant to Trust Policy 4.00(III)(C)(1)(Exhibit 1), the Trust may authorize the purchase of goods and services pursuant to contracts awarded by the State of New Jersey (State Contracts) in lieu of an independent Trust procurement of such goods and services; and

WHEREAS, the State of New Jersey has executed contract #80802 with Avaya, Inc. for telecommunications equipment; and

WHEREAS, the Trust desires the procurement of telecommunications equipment from Avaya, Inc. for its Office Space at Building 4, Suite 216, Princeton Pike, Lawrenceville, New Jersey.

NOW THEREFORE BE IT RESOLVED THAT the Executive Director is directed to execute a Purchase Order with Strategic Products and Services for Avaya, Inc. ~~for~~ telecommunications equipment in an amount not to exceed \$23,810 for telephone handsets, a unified communications center and related equipment as necessary; and

BE IT FURTHER RESOLVED THAT the Executive Director is hereby authorized to take such other actions as he deems necessary and appropriate for the acquisition of telecommunications equipment.

Adopted Date: September 12, 2013

Motion Made By: Mr. Ellis

Motion Seconded By: Mr. Chebra

Ayes: 6

Nays: 0

Abstentions: 0

RESOLUTION NO. 13-51

**RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
AUTHORIZING THE PURCHASE OF AN OFFICE BACKUP POWER GENERATOR
FROM FM GENERATOR, INC.**

WHEREAS, the Trust is authorized to procure personal property pursuant to N.J.S.A. 58:11B-5(g); and

WHEREAS, in resolution No. 13-04, the Board authorized the Executive Director to solicit proposals for an office backup power generator; and

WHEREAS, upon further review it was discovered that the State of New Jersey has executed a backup power generator contract with FM Generator, Inc.; and

WHEREAS, Pursuant to Trust Policy 4.00(III)(C)(1)(Exhibit 1), the Trust may authorize the purchase of goods and services pursuant to contracts awarded by the State of New Jersey (State Contracts) in lieu of an independent Trust procurement of such goods and services; and

WHEREAS, the State of New Jersey has executed contract #T-2710 with FM Generator, Inc. for backup power generators; and

WHEREAS, an office backup power generator is necessary for the propose continuity of Trust business operations during power outages;

WHEREAS, the Trust desires to procure an office backup power generator from FM Generator, Inc. for its Office Space at Building 4, Suite 216, Princeton Pike, Lawrenceville, New Jersey.

NOW THEREFORE BE IT RESOLVED THAT the Executive Director is directed to execute a Purchase Order with FM Generator, Inc. for an office backup power generator, an automatic transfer switch, and an enclosure unit in an amount not to exceed \$36,000 and related equipment as necessary; and

BE IT FURTHER RESOLVED THAT the Executive Director is hereby authorized to take such other actions as he deems necessary and appropriate to the acquisition of an office backup power generator.

Adopted Date: September 12, 2013

Motion Made By: Mr. Chebra

Motion Seconded By: Mr. Barrack

Ayes: 6

Nays: 0

Abstentions: 0

RESOLUTION NO. 13-52

RESOLUTION OF THE TRUST AUTHORIZING THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR INTERNAL CONTROL AUDITING SERVICES

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") is organized and existing under the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (codified at N.J.S.A, 58:11B-1 et seq.), as the same may from time to time be amended and supplemented (the "Act"); and

WHEREAS, pursuant to Section 5(l) of the Act, the Trust is authorized to engage the services of advisors; and

WHEREAS, to ensure that the Trust is performing its duties effectively and efficiently and in a diligent manner that minimizes risk to the Trust there is a need for the Trust to procure the services of a professional accounting firm to perform an Internal Control Audit; and

WHEREAS, pursuant to Trust resolution No. 11-40, the current Internal Control Auditing contract expires on October 31, 2013; and

WHEREAS, the current Internal Control Auditing firm has prioritized a list of critical processes to be reviewed; and

WHEREAS, the current Internal Control Auditing firm has assisted the Trust with optimization of every business process in the project application and loan servicing modules; and

WHEREAS, there are more operations to be reviewed, and there exists a continued need for ongoing internal control auditing at the Trust.

NOW THEREFORE BE IT RESOLVED THAT, the Trust hereby authorizes the Executive Director, in consultation with the Audit Committee, to prepare and distribute a Request for Proposal (RFP) to such professional accounting firms to perform an Internal Control Audit as may be determined in accordance with the procedure of the Trust; and

BE IT FURTHER RESOLVED THAT the RFP will be in a form substantially similar to the Draft RFP attached hereto as Appendix A; and

BE IT FURTHER RESOLVED THAT the Executive Director is further authorized to convene an evaluation committee comprised of three staff to independently review and rank the proposals and make a report and recommendation as to the selection of a firm; and

BE IT FURTHER RESOLVED THAT the Executive Director is authorized to take all other actions consistent with Trust Procurement Policy 4.00 to procure the services of a professional accounting firm to perform an Internal Control Audit.

Adopted Date: September 12, 2013

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Briant

Ayes: 6

Nays: 0

Abstentions: 0



Request for Proposal

Internal Controls Audit Services

Issued by the
New Jersey Environmental Infrastructure Trust

Date Issued:
September 30, 2013

Questions and Answer Cut-Off Date:
5:00 PM EST October 16, 2013

Optional Pre-Bid Conference Date:
10:00 AM EST October 23, 2013

Proposals Due Date:
12:00 PM EST October 30, 2013

In the Office of the Executive Director
3131 Princeton Pike, Building 6, Suite 201
Lawrenceville, NJ 08648
(609) 219-8600

Please Label Proposals with Firm's Name and
"Proposal for Internal Controls Audit Services"

**NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
REQUEST FOR PROPOSAL
INTERNAL CONTROLS AUDITING SERVICES**

7

1.0 INFORMATION FOR BIDDERS

1.1 INTRODUCTION

In recent years, the Environmental Infrastructure Financing Program implemented by the New Jersey Environmental Infrastructure Trust (the "Trust") has experienced a tremendous amount of popularity with participation rates at all time highs. The affect of this recent growth in participation, as well as the introduction of new technologies has required an extension of the Trust's policies and procedures, placing increased strain on the Trust's resources. In addition to keeping pace with growth, the Trust must ensure that its resources are used in the most efficient and effective manner possible. In order to ensure that all Trust assets are properly safeguarded and that the Trust's financials provide timely, accurate and reliable information for its users, the Trust is seeking a qualified firm (the "Consultant") to perform an internal controls audit.

1.2 OBJECTIVES AND SCOPE OF THE AUDIT

One of the primary objectives of this focused audit is to determine the reasonableness of all the Trust's general management functions and processes. The Consultant will be expected to review the organizational structure, the duties and responsibilities of the Trust's management, the effectiveness of business strategies, the efficacy of its existing business and operating policies and procedures, and the role of the Board of Directors and its relationship to the Trust.

A second primary objective of this audit is to determine whether there are appropriate financial systems in place to sufficiently track and maintain the Trust's financial integrity and accountability. The Consultant will evaluate the Trust's accounting and financial systems' ability to record, process, summarize, and report financial data consistent with generally accepted accounting principles, with a focus on processes, not results.

In addition, the Consultant shall identify and prioritize the critical business processes of the Trust and work with the Trust to offer solutions that mitigate operational and financial risk utilizing a preliminary risk assessment set forth in Appendix A.

The Consultant will be required to make appropriate recommendations to the Trust. The Trust expects the Consultant's recommendations to be supported by findings and conclusions. The Trust believes it is imperative that the selected Consultant possess an in-depth understanding of public sector finance and accounting and issues confronting it. The proposal should reflect the Consultant's understanding of these issues and provide discussion of how they would likely affect the Trust.

1.3 ENGAGEMENT PROCESS

A Contracted Management Auditing Firm will be engaged in accordance with The Trust's needs and requirements in accordance with the following process:

For this RFP each contractor shall respond with the following:

- A detailed proposal to perform the scope of work reflecting the requirements of the engagement for competitive price quotes in accordance with the audit specific requirements of section 2.0 of this Request for Proposals (RFP).
- A contract schedule that shall identify the associated deliverable items to be submitted as evidence of completion of each task and/or sub-task.
- All inclusive hourly rate in addition to person-hour and/or labor category mix: A comprehensive chart showing the person-hours proposed to meet the requirements of the request for competitive quotes. The chart shall be designed to reflect the tasks, sub-tasks, or other work elements required by the request for competitive quote. The chart shall set forth, for each task, sub-task or other work element, the total number of person-hours, by labor category, proposed to complete the contract. The hourly rates used for each labor category shall be the all-inclusive hourly rates specified in the contract.
- A firm fixed price for the engagement based on the contract's all inclusive hourly rates and chart detailed above.

The Trust will review the responses and award the engagement to the contractor that offers the best value, price and other factors, to the Trust.

1.4 MINIMUM CONSULTANT REQUIREMENTS

1. The Consultant is required to have performed continuous auditing and accounting and/or internal auditing and fraud detection for a minimum of five (5) years.
 - a. The Consultant should indicate, if any, experience in providing these services to state and municipal agencies or public/private retirement systems.
 - b. Note: Preference will be shown to Consultants who operate in the State of New Jersey.
2. The Consultant is required to be a member of the American Institute of Certified Public Accountants (AICPA). The Consultant should also indicate membership in any other comparable control review programs (peer review).
3. The Consultant is required to list any and all audits performed for Sarbanes-Oxley mandated compliance reviews in the last five (5) years.

1.5 KEY EVENTS

1.5.1 ELECTRONIC QUESTION AND ANSWER PERIOD

The Trust will accept questions and inquiries from all potential bidders electronically via email. To submit a question, please email the Project Manager, John Hansbury at jhansbury@njeit.org.

Questions should be directly tied to the RFP and asked in consecutive order, from beginning to end, following the organization of the RFP. Each question should begin by referencing the RFP page number and section number to which it relates.

Bidders are not to contact the Trust directly, in person, or by telephone concerning this RFP, only via email as described above.

The cut-off date for electronic questions and inquiries relating to this RFP is indicated on the cover sheet. Addenda to this RFP, if any, will be posted on the Trust website, www.njeit.org after the cut-off date.

1.5.2 SUBMISSION OF BID PROPOSAL

In order to be considered for award, the bid proposal must be received by the Trust at the appropriate location by the required time. **ANY BID PROPOSAL NOT RECEIVED ON TIME AT THE LOCATION INDICATED BELOW WILL BE REJECTED. THE DATE AND TIME IS INDICATED ON THE COVER SHEET. THE LOCATION IS AS FOLLOWS:**

**NJEIT OFFICES
3131 PRINCETON PIKE
BUILDING 6, SUITE 201
LAWRENCEVILLE, NEW JERSEY 08648**

Directions to the Trust can be found at the following web address: www.njeit.org.

1.5.3 OPTIONAL PRE-BID CONFERENCE

The date and time of the Optional Pre-Bid Conference is indicated on the cover sheet. The location of the Optional Pre-Bid Conference will be as follows:

**NJEIT OFFICES – LARGE CONFERENCE ROOM
3131 PRINCETON PIKE
BUILDING 6, SUITE 201
LAWRENCEVILLE, NEW JERSEY 08648**

THE PURPOSE OF THE OPTIONAL PRE-BID CONFERENCE IS TO PROVIDE A

STRUCTURED AND FORMAL OPPORTUNITY FOR THE TRUST TO ACCEPT PROCEDURAL AND PROCESS QUESTIONS FROM VENDORS REGARDING THIS RFP.

2.0 SCOPE OF SERVICES – INTERNAL CONTROL AUDITING SERVICES

It is expected that, at a minimum, the scope of this review will encompass the following:

1. Evaluate the efficacy of all of the Trust's general management functions, including the role of the Board of Directors. This evaluation shall include a discussion of any material shortfalls uncovered in the review along with recommendations to address said shortfalls.
2. Identify and evaluate the Trust's business and operational policies and procedures, with specific emphasis on contracts with and purchases from outside Consultants, and determine whether such policies and procedures are adequate for management to ensure the efficient, cost effective management of the Trust.
3. The Consultant will perform a risk assessment audit/review of the primary business and accounting functions of the Trust. The review will identify the strengths, weaknesses, challenges and potential risks of these functions.

In addition, the risk assessment will also review the adequacy of the Trust's internal control functions and ensure that they are in compliance with generally accepted accounting principles as well as in compliance with the agency's policies and procedures.

Specific procedures would be, but are not limited to:

- a. Review the Trust accounting manual to gain an understanding of current policies, practices and procedures of the Trust.
 - b. Perform assessments of key control areas and determine their effectiveness.
4. **Review of the Risk Assessment Document completed by the prior Consultant, including identification and prioritization of the critical business processes of the Trust to be reviewed, and work with the Trust to implement solutions that mitigate operational and financial risk.**
 5. Identify key areas of risk and make recommendations for improvement and for future audit priorities.
 6. Evaluation of the Trust's use of technology.
 7. Evaluation of job duties and job descriptions of personnel within each operational area.
 8. Identify the Trust's accounting policies and procedures and determine whether such policies and procedures provide adequate accountability for financial reporting and for Trust requirements.
 9. The Consultant will assist the Trust in updating the accounting manual and will provide the necessary recommendations to ensure that the manual is reflective of the current business

environment at the Trust.

10. Evaluate the specific components of the Trust's internal control structure; including the Trust's control environment, information and communication system, risk assessment, and monitoring process.

11. The Consultant shall be responsible for evaluation and appraisal of the Trust's system of internal controls to ensure that all transactions are processed properly, promptly and accurately in accordance with good sound business practices. The Consultant shall identify the key controls and gaps present in the current internal control system. The Consultant shall examine and evaluate both preventive and detective controls the Trust currently has in place in order to make a thorough assessment of their effectiveness. The Consultant's assessment will include examining the overall Internal Controls Framework of the Trust to include:

a. The Trust's control environment

- i. Management's philosophy and operating style regarding the Trust's integrity and ethical values.
- ii. The organizational and developmental plan of personnel
- iii. The assignment of authority and responsibility

b. The Trust's ongoing identification and assessment of risk

- i. The Trust's approach to risk identification and risk mitigation (proactive versus reactive)
- ii. The alignment of the Trust's objectives with the assessment of risk

c. Communication and information of dissemination by the Trust

- i. Information is identified, captured and communicated to the supervisory staff and senior management to carry out their responsibilities
- ii. Communication of internal information, as well as external events, activities and conditions is sufficient and timely, and enables informed business decisions by management and sound external reporting

d. The Trust's internal control activities

- i. Separation of duties
- ii. Authorization and approval
- iii. Custodial and security arrangements
- iv. Review and reconciliation
- v. Adequate documentation

e. Management's responsiveness to identified problems/weaknesses

- i. The timeliness with which internal control deficiencies are identified and communicated to parties responsible for taking corrective action, and to management and the board as appropriate by management
- ii. Appropriateness of management's selection of risk response –avoidance, acceptance, reduction, or sharing of an identified risk

- 12.** Develop findings and make appropriate recommendations for specific areas with potential for improvement.
- 13.** The Consultant will assist the Trust to create an internal audit manual for the Accounting and Finance Department.
- 14.** Evaluate and determine the efficiency and effectiveness of the Trust's policies and procedures in connection with Finance, Management, and Information Resources Management.
- 15.** Evaluate and determine if the Trust is following sound procurement practices that are in compliance with pertinent regulations of the State of New Jersey.
- 16.** Evaluate and determine if the Trust has sound budgeting practices and procedures and determine if their budgeting procedures provides adequate information to the Board of Directors.
- 17.** Evaluate and determine if the level of information provided by the Trust management to its board members is adequate and in compliance with board rules and regulations.
- 18.** Work with the Trust to develop action plans and implementation steps to address the recommendations.
- 19.** The Consultant shall review and analyze the Final Report and incorporate their comments and suggestions into a comprehensive summary document for the Trust to review.

3.0 ACCEPTANCE

After receipt of proposals, the Trust may request certain firms bidding on the project to appear before the Trust and the staff to provide an oral proposal briefing and to respond to questions. If an oral briefing is required, it will take place on October 23. It is anticipated that the evaluation phase of the project will take three months to complete and culminate in the publication of a final report and a Management Audit Action Plan (MAAP) report. The project will begin on or about December 15. If the bidder thinks additional time is needed, justification should be supplied along with an estimate of additional time.

Appointment of the Internal Controls Audit Firm by the Trust is contingent upon the execution of an Agreement for Internal Controls Auditing Services. A sample contract is attached.

4.0 PROPOSAL PREPARATION AND SUBMISSION

4.1 GENERAL

The bidder is advised to thoroughly read and follow all instructions contained in this RFP, in

preparing and submitting its bid proposal.

4.2 BID PROPOSAL DELIVERY AND IDENTIFICATION

In order to be considered, a bid proposal must arrive at the Trust Offices in accordance with the instructions included in this Request For Proposals.

Trust procurement rules mandate that late bid proposals are ineligible for consideration.

4.3 NUMBER OF BID PROPOSAL COPIES

The bidder must submit **one (1) complete ORIGINAL bid proposal**, clearly marked as the "ORIGINAL" bid proposal. The bidder should submit **three (3) full, complete and exact copies** of the original. The copies requested are necessary in the evaluation of the bid proposal. A bidder failing to provide the requested number of copies will be charged the cost incurred by the Trust in producing the requested number of copies. It is suggested that the bidder make and retain a copy of its bid proposal.

4.4 BID PROPOSAL CONTENT

Each proposal should be economically prepared, with emphasis on completeness and clarity of content. A proposal, as well as any reference material presented, must be written in English and charts, spreadsheets, and oversize exhibits are permissible. All proposal pages must be numbered.

The bid proposal should be submitted in one volume and that volume divided into four (4) sections with tabs (separators), and the content of the material located behind each tab, as follows:

- **Section 1 - Forms (Section 4.4.1 - 4.4.3.)**
- **Section 2 - Technical Proposal (Section 4.4.4)**
- **Section 3 - Organizational Support and Experience (Section 4.4.5)**
- **Section 4 - Cost Proposal (Section 4.6)**

Each response to this RFP must consist of a Technical Proposal and a Cost Proposal (as described below).

Each Consultant must submit its Technical Proposal to the Trust in a sealed package that is clearly marked "Technical Proposal in Response to RFP for Internal Controls Audit Services -- Do Not Open." The package must contain:

- One (1) original and three (3) hard copies of the Technical Proposal;
- One (1) electronic "soft" copies (on a CD) of the Technical Proposal – one folder containing the technical proposal in Microsoft Word format as submitted, and second folder containing the technical proposal in PDF format.

Each Consultant must submit its Cost proposal to the Trust in a separate sealed package that is clearly marked "Cost Proposal in Response to RFP for Internal Controls Audit Services -- Do Not Open." The package must contain:

- One (1) original Cost Proposal;
- One (1) electronic "soft" copy (on a CD) of the Cost Proposal containing the cost proposal as submitted in Microsoft Word and Excel format.

If the Consultant encloses the separately sealed proposals (as detailed above) in a larger package for mailing, the Consultant must clearly mark the outermost package:

"Contains Separately Sealed Technical and Cost Proposals for RFP for Internal Controls Audit Services "

The Trust must receive all written proposals in response to this RFP at the address specified in Section 1. **NOTE:** a Consultant may not deliver a proposal orally or by any means of electronic transmission.

NOTICE: No pricing information shall be included in the Technical Proposal. Inclusion of such information in the Technical proposal shall render the full proposal disqualified from consideration.

4.4.1 FORMS THAT MUST BE SUBMITTED WITH BID PROPOSAL

4.4.1.1 OWNERSHIP DISCLOSURE FORM

In the event the bidder is a corporation, partnership or sole proprietorship, the bidder must complete the attached Ownership Disclosure Form. A current completed Ownership Disclosure Form must be received prior to or accompany the bid proposal. Failure to do so will preclude the award of a contract.

The Ownership Disclosure Form is located in Appendix Exhibit C, in the back of the RFP.

4.4.1.2 DISCLOSURE OF INVESTIGATIONS/ACTIONS INVOLVING BIDDER

The bidder shall provide a detailed description of any investigation, litigation, including administrative complaints or other administrative proceedings, involving any public sector clients during the past five years including the nature and status of the investigation, and, for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition. The bidder shall use the Disclosure of Investigations and Actions Involving Bidder form located in Appendix Exhibit C.

4.4.2 PROOFS OF REGISTRATION THAT MUST BE SUBMITTED WITH THE BID PROPOSAL

4.4.2.1 BUSINESS REGISTRATION CERTIFICATE FROM THE DIVISION OF REVENUE

Pursuant to N.J.S.A. 52:32-44 (b), a copy of a valid New Jersey Business Registration must be submitted with the signed Retention Agreement. If not already registered with the New Jersey Division of Revenue, registration can be completed on line at the Division of Revenue website: <http://www.state.nj.us/treasury/revenue/gettingregistered.htm>

FAILURE TO SUBMIT A COPY OF THE BIDDER'S BUSINESS REGISTRATION CERTIFICATE (OR INTERIM REGISTRATION) FROM THE DIVISION OF REVENUE WITH THE BID PROPOSAL MAY BE CAUSE FOR REJECTION OF THE BID PROPOSAL.

4.4.3 FORMS THAT MUST BE SUBMITTED BEFORE CONTRACT AWARD AND SHOULD BE SUBMITTED WITH THE BID PROPOSAL.

4.4.3.1 MACBRIDE PRINCIPLES CERTIFICATION

The bidder is required to complete the attached MacBride Principles Certification evidencing compliance with the MacBride Principles. The requirement is a precondition to entering into a State contract. The MacBride Principles Certification Form is located in Appendix Exhibit G.

4.4.3.2 AFFIRMATIVE ACTION

The bidder is required to complete the attached Affirmative Action Employee Information Report, or, in the alternative, supply either a New Jersey Affirmative Action Certificate or evidence that the bidder is operating under a federally approved or sanctioned affirmative action program. The requirement is a precondition to entering into a State contract. The Affirmative Action Forms are located in Appendix Exhibit H.

4.4.3.3 REQUIREMENTS OF CHAPTER 51 AND EXECUTIVE ORDER 117 (Also referred to as "Pay to Play Restrictions", N.J.S.A. 19:44A-20.13 to -20.25, or Executive Order 134)

In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the negotiation and award of State contracts, including retention agreements, from political contributions that pose the risk of improper influence, purchase of access or the appearance thereof, the Legislature enacted P.L. 2005, c.51 (codified at N.J.S.A. 19:44A-20.13 B 25) (Chapter 51), on March 22, 2005, effective retroactive to October 15, 2004, superseding the terms of Executive Order 134, In addition, on September 24, 2008, Executive Order 117 was issued and made effective on November 15, 2008 (EO 117) which set forth additional limitations on the ability of executive branch agencies to contract with entities who have made or solicited certain contributions. Pursuant to the requirements of Chapter 51 and EO 117, the terms and conditions set forth in this section are material terms of this retention agreement:

I. Definitions

For the purpose of this section, the following shall be defined as follows:

a) Contribution means a contribution reportable as a recipient under The New Jersey Campaign Contributions and Expenditures Reporting Act, P.L. 1973, c83 (N.J.S.A. 19:44A-1 and implementing regulations set forth at N.J.A.C. 19:25-7 and N.J.A.C. 19:25-10.1 et seq. Contributions in excess of \$300 during a reporting period are deemed “reportable” under these laws.

b) Business Entity means any natural or legal person, business corporation, professional services corporation, Limited Liability Company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. The definition of a business entity includes:

(i) all principals who own or control more than 10 percent of the profits or assets of a business entity or 10 percent of the stock in the case of a business entity that is a corporation for profit, as appropriate and for a for profit entity, the following:

(1) in the case of a corporation: the corporation, any officer of the corporation, and any person or business entity that owns or controls 10% or more of the stock of the corporation;

(2) in the case of a general partnership: the partnership and any partner;

(3) in the case of a limited partnership: the limited partnership and any partner;

(4) in the case of a professional corporation: the professional corporation and any shareholder or officer;

(5) in the case of a limited liability company: the limited liability company and any member;

(6) in the case of a limited liability partnership: the limited liability partnership and any partner;

(7) in the case of a sole proprietorship: the proprietor; and

(8) in the case of any other form of entity organized under the laws of this State or any other state or foreign jurisdiction; the entity and any principal, officer, or partner thereof;

(ii) any subsidiaries directly or indirectly controlled by the business entity;

(iii) any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and

(iv) if a business entity is a natural person, that person's spouse or civil union partner, or child residing in the same household provided, however, that, unless a contribution made by such spouse, civil union partner, or child is to a candidate for whom the contributor is entitled to vote or to a political party committee within whose jurisdiction the contributor resides unless such contribution is in violation of section 9 of Chapter 51.

II. Breach of Terms of Chapter 51 or EO 117 is a Breach of Retention Agreement

It shall be a breach of the terms of the Retention Agreement for the Business Entity to do any of the following:

- (a) make or solicit a contribution in violation of the Chapter 51 or EO 117;
- (b) knowingly conceal or misrepresent a contribution given or received;
- (c) make or solicit contributions through intermediaries for the purpose of or misrepresenting the source of the contribution;
- (d) make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate of holder of the public office of Governor, or of Lieutenant Governor, or to any State, county or municipal party committee, or any legislative leadership committee;
- (e) engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself, would subject that entity to the restrictions of Chapter 51 or EO 117;
- (f) fund contributions made by third parties, including consultants, attorneys, family members, and employees;
- (g) engage in any exchange of contributions to circumvent the intent of the Chapter 51 or EO 117; or
- (h) directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of the Chapter 51 or EO 117.

III. Certification and disclosure requirements

(a) The State shall not enter into a contract to procure from any Business Entity services or any material, supplies or equipment, or to acquire, sell or lease any land or building, where the value of the transaction exceeds \$17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor or Lieutenant Governor, or to any State, county political party, or to a legislative leadership or municipal political party, committee during certain specified time periods.

(b) Prior to entering any retention agreement to any Business Entity, the Business Entity proposed under the Retention Agreement shall submit the Certification and Disclosure form, certifying that no contributions prohibited by Chapter 51 have been solicited or made by the Business Entity and reporting all contributions the Business Entity made during the preceding four years to any political organization

organized under 26 U.S.C. '527 of the internal Revenue Code that also meets the definition of a continuing political committee" within the mean of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. The required form and instructions, available for review on the Purchase Bureau website at <http://www.state.nj.us/treasury/purchase/forms.shtml> for completion and submission to the Deputy Attorney General prior to the finalization of the Retention Agreement.

(c) Further, the Business Entity is required, on a continuing basis, to report any contributions and solicitations made during the term of the Retention Agreement, and any extension(s) thereof, at the time any such contribution or solicitation is made.

(d) the Business Entity's failure to submit the required forms will preclude the Division of Law's execution of the Retention Agreement. The State Treasurer or his designee shall review the Disclosures submitted by the Business Entity pursuant to this section, as well as any other pertinent information concerning the contributions or reports thereof by the intended Business Entity, prior to award, or during the term of the retention agreement. If the State Treasurer determines that any contribution or action by the Business Entity violated Chapter 51 or EO 117 the State Treasurer shall disqualify the Business Entity from award of such contract. If the State Treasurer or his designees determines that any contribution or action constitutes a breach of contract that poses a conflict of interest, pursuant to Chapter 51 or EO 117, the State Treasurer shall disqualify the Business Entity from award of such contract.

The required forms and instructions are located in Appendix Exhibits D and E.

4.4.4 TECHNICAL PROPOSAL

The Consultant's Technical Proposal should include the following:

4.4.4.1 TITLE PAGE bearing the RFP project title, as well as Consultant name, address, and contact information.

4.4.4.2 TABLE OF CONTENTS

4.4.4.3 CONSULTANT INFORMATION

1. Identification of the Consultant's form of business (whether individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and prime liaison (name, mailing address and telephone number) whom the Trust may contact regarding the proposal.

2. Number of years Consultant has been in business, as well as the number of years Consultant has performed the services specifically required by this RFP.

3. Statement of Consultant's intent to use subcontractors, and if so, the names and mailing addresses of committed subcontractors as well as a description of the scope and portions of the work each subcontractor will perform.
4. Disclosure of whether the Consultant has undergone within the past ten (10) years any mergers, acquisitions, sales or significant changes in partnership interests, and if so, an explanation providing relevant details. Include in this statement the likelihood of any mergers, acquisitions, sales or significant changes in partnership interests in the next three (3) years.
5. A statement of whether the Consultant or any of the Consultant's employees, agents, independent contractors, and/or subcontractors have been convicted of, pleaded guilty to, and/or pleaded *nolo contendere* to any felony, and if so, an explanation providing relevant details.
6. A statement of whether there is any pending litigation against the Consultant, and if such litigation exists, an attached opinion of counsel as to whether the pending litigation will impair the Consultant's performance in a contract under this RFP.
7. Provide a statement of whether the Consultant has filed (or had filed against it) within the past ten (10) years any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, Trustee, or assignee for the benefit of creditors, and if so, an explanation providing relevant details.
8. Provide a statement as to whether any of the Consultant's previous contracts with public agency clients were terminated prior to the expiration of the contract term, and if so, provide an explanation of the circumstances.
9. Provide a statement as to whether the Consultant or any of its officers, directors, and/or staff members proposed by the Consultant to perform work for the Trust have any possible conflict of interest.

4.4.4.4 STATEMENT OF THE PROJECT

State in succinct terms your understanding of the project presented in this RFP.

4.4.4.5 MANAGEMENT SUMMARY

The bidder shall set forth its overall technical approach and plans to meet the requirements of the RFP in a narrative format. This narrative shall confirm that the bidder understands the objectives that the contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the contract. This narrative should convince the Trust that the bidder's general approach and plans to undertake and complete the contract are appropriate to the tasks and subtasks involved. It should include a discussion of project management techniques, tools and practices, and a list of the end products that will be provided to the Trust throughout the project and at the conclusion of the project.

Mere reiterations of RFP tasks and subtasks are strongly discouraged, as they do not provide insight into the bidder's ability to complete the contract. The bidder's response to this section should be designed to convince the Trust that the bidder's detailed plans and approach proposed to complete the Scope of Work are realistic, attainable and appropriate and that the bidder's bid proposal will lead to successful contract completion.

4.4.4.6 WORK PLAN

Task descriptions are to be the guide in describing your technical plan for accomplishing the work plan. The task descriptions should be in sufficient depth to afford the Trust and its staff a thorough understanding of your work plan. The description should include an estimate of the number of hours each primary member of the review team will devote to each task, functional area, and special interest area. A proposal may be rejected if the work plan does not specifically detail how each of the task descriptions is to be accomplished.

4.4.4.7 TIME

For each task described in the "Scope of Services" section above, an estimate of the time required for completion shall be provided in schedule form. Show all audit tasks, the estimated hours to complete each task, and the total estimated hours to complete the audit. An estimate of the percentage of time spent on-site shall also be provided.

4.4.5 ORGANIZATIONAL SUPPORT AND EXPERIENCE

4.4.5.1 LOCATION

The bidder should include the location of the bidder's office that will be responsible for managing the contract. The bidder should include the telephone number and name of the individual to contact.

4.4.5.2 ORGANIZATION CHART (CONTRACT SPECIFIC)

The bidder should include a contract organization chart, with names showing management, supervisory and other key personnel (including sub-vendor's management, supervisory or other key personnel) to be assigned to the contract. The chart should include the labor category and title of each such individual.

4.4.5.3 RESUMES

Detailed resumes should be submitted for all management, supervisory and key personnel to be assigned to the contract. Resumes should be structured to emphasize relevant qualifications and experience of these individuals in successfully completing contracts of a similar size and scope to those required by this RFP. Resumes should include the following:

- Clearly identify the individual's previous experience in completing similar contracts.
- Beginning and ending dates should be given for each similar contract.
- A description of the contract should be given and should demonstrate how the individual's work on the completed contract relates to the individual's ability to contribute to successfully providing the services required by this RFP.
- With respect to each similar contract, the bidder should include the name and address of each reference together with a person to contact for a reference check and a telephone number.

If an Agreement is awarded, the personnel assigned to conduct the review may not be changed without the written approval of the Trust or its designated representative. The Consultant will notify the Trust of any such requested personnel change and allow the Trust input before written approval for the change is approved.

4.4.5.4 ORGANIZATION CHART (ENTIRE FIRM)

The bidder should include an organization chart showing the bidder's entire organizational structure. This chart should show the relationship of the individuals assigned to the contract to the bidder's overall organizational structure.

4.4.5.5 EXPERIENCE OF BIDDER ON CONTRACTS OF SIMILAR SIZE AND SCOPE

The bidder should provide a comprehensive listing of contracts of similar size and scope that it has successfully completed, as evidence of the bidder's ability to successfully complete the services required by this RFP. Emphasis should be placed on contracts that are similar in size and scope to the work required by this RFP, which should include any New Jersey government entity. A description of all such contracts should be included and should show how such contracts relate to the ability of the firm to complete the services required by this RFP. For each such contract, the bidder should provide two names and telephone numbers of individuals for the other contract party. Beginning and ending dates should also be given for each contract.

The bidder must provide examples of prior management audits conducted by the bidder that demonstrate its capacity to fulfill the scope of work requirements for the Trust.

Provide information on the Consultant's history of providing the requested services. Address Consultant's experience in providing consulting or accounting services to state agencies, Consultant's experience in internal/financial auditing, evaluating and recommending implementation strategies, and Consultant methodologies and tools that will be used to expedite the delivery of the requested services. If applicable, provide a brief discussion of Consultant's experience in assisting clients with the implementation of recommendations arising from similar audit engagements.

A list of at least three (3) references from, state agencies, municipalities, not-for-profit organizations and publicly traded or privately held corporations willing to discuss with the Trust the Consultant's performance in providing services comparable to the services being sought by the

Trust. Each reference must include the agency name and address; the name, title, and phone number of the contact person at the agency/company; the time period during which the services were provided; the name of the Consultant's lead auditor on the engagement; and a brief summary of the services provided.

4.4.5.6 FINANCIAL CAPABILITY OF THE BIDDER

In order to provide the Trust with the ability to judge the bidder's financial capacity and capabilities to undertake and successfully complete the contract, the bidder should submit certified financial statements to include a balance sheet, income statement and statement of cash flow, and all applicable notes for the most recent calendar year or the bidder's most recent fiscal year. If certified financial statements are not available, the bidder should provide either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statements, together with a certification from the Chief Executive Officer and the Chief Financial Officer, that the financial statements and other information included in the statements fairly present in all material respects the financial condition, results of operations and cash flows of the bidder as of, and for, the periods presented in the statements. In addition, the bidder should submit a bank reference.

If the information is not supplied with the bid proposal, the Trust may still require the bidder to submit it. If the bidder fails to comply with the request within seven (7) business days, the Trust may deem the proposal non-responsive.

A bidder may designate specific financial information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. Bidder may submit specific financial documents in a separate, sealed package clearly marked "Confidential-Financial Information" along with the Bid Proposal.

The Trust reserves the right to make the determination to accept the assertion and shall so advise the bidder.

4.5 OTHER INFORMATION TO BE SUBMITTED BY BIDDER

4.5.1 CONFLICT OF INTEREST DISCLOSURE

Identify any material arrangements, relationships, associations, employment or other contacts that may cause a conflict of interest or the appearance of a conflict of interest if your firm acts as consultant to the Trust.

4.5.2 INITIAL REQUEST FOR DOCUMENTS

The Consultant shall submit an initial information request for pertinent documents as a part of the proposal. Upon final selection of the Consultant by the Trust, the Trust shall initiate responses to the initial information request, thus enabling the Consultant to have access to the requested information during the early stages of the audit. The initial information request should be clearly

prioritized and should not be overly burdensome.

4.5.3 WORK SPACE

Requirements for working space at the Trust's headquarters should be specified in the proposal.

4.5.4 PERIOD OF OFFER

A statement should be included stating that the Consultant's proposal shall remain valid for three months from the final date for submitting proposals as stated on the cover of this RFP.

4.5.5 ROLE OF TRUST STAFF

John Hansbury Jr., will be the Staff Project Officer designated by the Trust to ensure satisfactory and timely performance of the proposed work in accordance with any Agreement arising from this RFP. Upon the effective date of an Agreement, John Hansbury, Jr., will be the sole contact for the Consultant in any discussions with the Trust.

The Consultant will be responsible for including the members of the Trust staff in the planning and organizational meetings and in all stages of the project as directed by the Staff Project Officer.

The Trust will rely upon the Staff Project Officer to answer questions from time to time about the progress and status of the project. It will be necessary, therefore, that the Staff Project Officer and the Trust Staff be involved in the work of the Consultant. This involvement may include attending selected interviews, reviewing analytical procedures, and monitoring the project's progress as to scope, budget, work plans, time, etc. It is expected that the Consultant will frequently discuss the Consultant's progress informally and directly with the Staff Project Officer and that periodic written reports will be necessary in addition to the informal contact between the Consultant's staff and the Staff Project Officer. These reports are described below:

4.5.6 REPORTS

4.5.6.1 WEEKLY INFORMAL REPORTS: By the first of each week, the Consultant will provide written notice of the interviews and site visits scheduled for the next following week to the Staff Project Officer for review and approval. It will be important for the Consultant to closely coordinate the schedule for interviews and site visits with each individual's supervisor and the Staff Project Officer in order to minimize disruption of daily management activities.

4.5.6.2 MONTHLY WRITTEN STATUS REPORTS: Based on the task plan submitted with the proposal, the monthly reports should consist of two parts:

A. General narrative briefly describing progress to date and outlining reasons for any deviations from the task plan schedule. This narrative should also contain a statement indicating the status of the project in relation to time -- ahead, behind, or on schedule.

B. Status sheet indicating actual hours logged by category (i.e., project manager, senior analyst or auditor, junior analyst or auditor, etc.), by Consultant, material and supplies cost, and other costs, showing percentage of each in relation to proposal costs. Monthly reports should be in the hands of the Staff Project Officer and The Trust's Coordinator by the tenth working day following the month's end and shall be submitted for any month worked.

4.5.6.3 DRAFT/FINAL REPORT

A final report must evolve from a draft report prepared at least thirty (30) days prior to the submission of the final report. The draft report should contain functional area task reports, a management summary, which includes findings of operating effectiveness and efficiency, and recommendations. All reports provided to the Trust (task reports, draft report, final report) must be fully footnoted. The Trust Staff and the Consultant will review the findings of each task report at a roundtable meeting prior to the issuance of each task report to the Staff Project Officer. Task reports shall be submitted early enough in the project to allow for additional in-depth analyses and subsequent revisions. The Trust's written comments shall be submitted to the Consultant within ten (10) working days after it receives each task report so that the Consultant can consider any changes of fact, conclusions, or recommendations before completing the draft report. After review of the task reports has been completed, the Consultant will be required to prepare a draft report for review by the Trust.

The Trust requires the final report to be in a narrative form and include terminology that will be meaningful to the Trust's management and others generally familiar with the subject areas:

1. General Statement and Summary;
2. Findings and Conclusions with Respect to the Primary Objectives of the Review;
3. Recommendations, if any, relating specifically to the Task Areas. Findings, conclusions and recommendations must be justified and accompanied by adequate supporting information. The final report should consist of a chapter describing the project, a summary chapter that ties all the issues together and chapters for each Task Area.

The Trust expects an objective and balanced report to be prepared.

The Consultant shall provide the Trust with ten (10) bound copies, one electronic copy, and one unbound, copy-ready copy of the final report. In addition, the Trust shall be provided with a total of five (5) copies, one electronic copy, and one unbound, copy-ready copy of the final report.

4.5.6.4 ACTION PLANS

It is the Trust's intent to implement the Consultant's appropriate recommendations as expeditiously as possible, and to develop a dialogue between the Trust and the Consultant regarding the proper action steps necessary to successfully implement each recommendation.

The Consultant shall be responsible for the development of action plans to implement each

recommendation and will be required to review the appropriateness of the detailed action steps developed by the Trust. An example of the action plan format desired by the Trust is included with this RFP. The process of developing action plans will therefore be expected to include the following events:

1. The Consultant will be responsible for developing draft action plans which include the background, the priority, the improvement baseline intended, and the estimated one-time and annual costs and benefits for each recommendation.
2. The Trust will then be responsible for reviewing the Consultant's draft action plans, and shall prepare responses to all the action plans. Any recommendations may be considered in a future case for the Trust. The Trust's response shall include a statement addressing each recommendation, which either adopts the recommendation, adopts it with exception, or rejects the recommendation. The response shall detail steps (as well as the start date and completion date for each step) necessary to implement each recommendation adopted or adopted with exception by the Trust. For any recommendations rejected, a detailed basis for rejection shall be provided.
3. The Consultant will then be responsible for reviewing the Trust's comments and action steps and formally commenting (in the finalized action plans) on the appropriateness of the proposed implementation activities, as well as clarifying the intent of the recommendations, if necessary.
4. The Consultant shall be responsible for printing the finalized action plans and shall provide the Trust with three (3) bound copies, plus one electronic copy and one unbound, copy-ready, edition for the finalized action plans.

4.6 COST PROPOSAL

The Cost Proposal shall be submitted in an envelope separately sealed from the technical proposal and labeled with the bidder's name and "Cost Proposal".

The cost proposal shall be comprised of the bidder's completed **Price Schedule** which is included in **Section 8.0** of the RFP.

Refer to the term, **Labor Rate (Fully Loaded Firm Fixed Price)** as defined: A price that is all-inclusive of direct costs and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproduction and any other costs. No additional fees or costs shall be paid by the Trust unless there is a change in the scope of work.

The bidder shall provide a budget using price lines provided on the Price Schedule for this proposal. Insert a specific Consultant staff category on each line. **The budget will be used to rank the cost of bid proposals.**

The Unit Price column shall reflect the bidder's proposed means of budgeting contract work. If awarded the contract, the Unit Price column shall be the method for providing cost estimates for the engagement.

For each task described in the "Scope of Services" section above, an estimate of hours needed to complete (budget hours) shall be included on each individual consultant staff category line with the appropriate hourly rate. The total price for each consultant staff category shall be calculated by multiplying the budget hours by the hourly rate. The summation of each line of the total price column will produce the total budget estimate for the project. **A firm, total not-to-exceed cost for the audit shall be provided.**

Each bidder must hold its price(s) firm through issuance of contract to permit the completion of the evaluation of bid proposals received throughout the contract award process.

5.0 OTHER REQUIREMENTS

5.1 EMERGENCY PREPAREDNESS

The Trust recognizes and acknowledges that the protection of its assets and business operations is a major responsibility to its employees, business associations, and other communities that it services. The Trust must be sure that all essential Consultants/contractors that provide critical business services to the Trust have planned for unforeseen emergencies and or disasters and that all aforementioned Consultants/contractors have a Business Continuity and Disaster Recovery Plan in place. To that end the Trust is requiring all bidders to provide responses to the following:

1. Does the firm have a Disaster Recovery Plan/Business Continuity Plan in place?
2. If yes, please attach a copy of the firm's plan, or at a minimum an executive summary. How often it is updated, and what assistance if any would be available to the Trust?
3. If no, please summarize how the firm plans to deal with a catastrophic event which might disrupt the firm's business operations and services.

6.0 PROPOSAL EVALUATION

6.1 PROPOSAL EVALUATION COMMITTEE

Bid proposals will be evaluated by an Evaluation Committee composed of at least three staff members of the Trust. The Evaluation Committee will complete its evaluation and recommend to the Board of Directors for award the responsible bidder(s) whose bid proposal, conforming to this RFP, is most advantageous to the Trust, price and other factors considered. The Evaluation Committee considers and assesses price, technical criteria, and other factors during the evaluation process.

6.2 ORAL PRESENTATION AND/OR CLARIFICATION OF BID PROPOSAL

After the submission of bid proposals, unless requested by the Trust, contact with the Trust is limited to status inquiries only and such inquiries are only to be directed to the Project Manager. Any further contact or information about the proposal to the Project Manager or any other Trust official connected with the solicitation will be considered an impermissible supplementation of the bidder's bid proposal.

A bidder may be required to give an oral presentation to the Evaluation Committee concerning its bid proposal. The Evaluation Committee may also require a bidder to submit written responses to questions regarding its bid proposal.

The purpose of such communication with a bidder, either through an oral presentation or a letter of clarification, is to provide an opportunity for the bidder to clarify or elaborate on its bid proposal. Original bid proposals submitted, however, cannot be supplemented, changed, or corrected in any way. No comments regarding other bid proposals are permitted. Bidders may not attend presentations made by their competitors.

It is within the Evaluation Committee's discretion whether to require a bidder to give an oral presentation or require a bidder to submit written responses to questions regarding its bid proposal. Action by the Evaluation Committee in this regard should not be construed to imply acceptance or rejection of a bid proposal. The Project Manager will be the sole point of contact regarding any request for an oral presentation or clarification.

6.3 EVALUATION CRITERIA

The bidder's Technical Proposals and Cost Proposals shall be evaluated separately based upon the following criteria.

6.4 TECHNICAL EVALUATION CRITERIA

The evaluation committee will review all Technical Proposals in light of the major evaluation criteria and corresponding weights set forth below, which are not in order of importance:

- 1.** Required Proposal Format. The quality of the bidder's responses, general approach and plans in meeting the requirements of this RFP. (3)
- 2.** The bidder's detailed work plan will be evaluated for appropriateness and thoroughness. Each individual task description will be reviewed and will contribute to the overall grading of the required work plan. (6)
- 3.** The bidder's documented experience in successfully completing contracts of a similar size and scope to the work required by this RFP, and documented experience completing similar contracts for other state and local government agencies. This includes the submission of required references. (5)

4. The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to the work required by this RFP. (5)

5. The overall ability of the bidder to mobilize, undertake and successfully complete the contract. This judgment will include, but not be limited to, the following factors: the number and qualifications of management, supervisory and other staff proposed by the bidder to complete the contract, the availability and commitment to the contract of the bidder's management, supervisory and other staff proposed and the bidder's contract management plan, including the bidder's contract organizational chart. (3)

6. The Firm's presence in New Jersey (1)

6.5 COST PROPOSAL CRITERIA

For evaluation purposes, the bidder's Cost Proposal will be ranked according to the total price submitted on the completed Price Sheet (sample attached to this RFP).

6.6 BID DISCREPANCIES

In evaluating bids, discrepancies between words and figures will be resolved in favor of words. Discrepancies between unit prices and totals of unit prices will be resolved in favor of unit prices. Discrepancies in the multiplication of units of work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated total of multiplied unit prices and units of work and the actual total will be resolved in favor of the actual total. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the corrected sum of the column of figures.

7.0 NJEIT BACKGROUND

The New Jersey Environmental Infrastructure Trust (the Trust) was organized pursuant to N.J.S.A. 58:11B-1 et seq. in August, 1986, as an instrumentality of the State exercising public and essential government functions. The Trust exists within, but is independent of any supervision or control by, the New Jersey Department of Environmental Protection

The purpose of the Trust is to provide financial assistance to New Jersey local government units and public water utilities. One way the Trust fulfills its purpose is by participating with the New Jersey Department of Environmental Protection (State) in the Environmental Infrastructure Financing Program (Program). The Trust contracts to make loans to finance a portion of the costs of environmental infrastructure system projects that borrowers in New Jersey are authorized to undertake and which they may lawfully finance through borrowings. The State provides companion loans for these same projects.

Pursuant to this Request for Proposal, the Trust shall select a firm for Internal Controls Auditing

Services for the purpose of advising the Executive Director, the Trust and the State in developing its. The following paragraphs describe in more detail the Trust, the activities undertaken by the Trust, the scope of services for the Internal Controls Auditing Services, and information to be provided by interested firms.

7.01 POWERS AND STRUCTURE OF THE ENVIRONMENTAL INFRASTRUCTURE TRUST

The New Jersey Environmental Infrastructure Trust is a State financing authority empowered to issue revenue bonds, to make loans, and guarantee debt issued by borrowers for the construction of environmental infrastructure projects. The Trust consists of a seven-member board of directors. Of the four public members, two are appointed by the Governor, one by the Governor upon the recommendation of the Speaker of the General Assembly and one by the Governor upon the recommendation of the President of the Senate. The remaining three members, the State Treasurer, the Commissioner of the State Department of Community Affairs and the Commissioner of the State Department of Environmental Protection are members ex-officio. The powers of the Trust are vested in the Board of Directors of the Trust. However, the minutes of all Trust meetings must be delivered to the Governor and Legislature. The Legislature may provide written comment to the Governor and the Governor may veto any Trust action within 10 business days. No Trust actions initiating the issuance of bonds, notes, or other obligations can be effective without the prior written approval of both the Governor and State Treasurer.

The Trust's enabling legislation requires extensive legislative oversight of the Trust, including fiscal accountability and control over its operating expenses, loan and debt guarantee activities, and borrowing and debt obligations. No funds from State or federal sources or State bond issues will be made available to the Trust unless appropriated by the Legislature. The Trust may not expend any funds for environmental infrastructure projects unless the expenditure is authorized by an appropriations act approved by the Legislature.

The Department of Environmental Protection and the Trust must submit a joint annual project priority list for environmental infrastructure projects to the Legislature by January 15 of each year. The list must be developed in accordance with the federal government's priority ranking system, which rates projects on environmental need.

The Trust must also submit a proposed financial plan to implement the financing of the projects on the project priority list to the Legislature by May 15 of each year. The plan must contain an enumeration of the revenue bonds and loans (including the terms and conditions thereof and the anticipated ranges of interest rate and repayment schedules), and loan guarantees which the Trust intends to execute, together with a financial statement covering its proposed operations during the forthcoming fiscal year.

Passage of Legislative Bills appropriating funds to the Department of Environmental Protection and authorizing the Trust to sell bonds is required prior to financing environmental infrastructure projects. In addition, the financial plan must be approved by adoption of concurrent resolutions by both the Senate and Assembly.

The Trust has, among others, the following powers: (i) to borrow money and issue bonds, notes and other obligations and to secure the same by its revenues and other funds and to provide for the refunding thereof; (ii) to obtain as security or to provide liquidity for payment of its bonds, notes or other obligations, lines of credit, letters of credit and other security agreements; (iii) to invest any moneys not required for immediate use or disbursement, including proceeds from the sale of its bonds, notes, or other obligations, in any obligations, securities and other investments in accordance with the rules and regulations of the State Investment Council; (iv) to receive and accept aid or contributions from any source of property, money, labor or other things of value, to be held, used and applied to carry out the purposes of the Trust Act; (v) to acquire, lease, hold and dispose of real and personal property or any interest therein in the exercise of its powers and the performance of its duties under the Trust Act.

The Trust may issue at public sale up to \$2.6 billion, or more at the discretion of the Legislature, of its own bonds. These bonds are secured by, among other things, Trust loan repayments from Borrowers, Fund loan repayments from Borrowers, and an ability to intercept State Aid payable to Borrowers borrowing from the Trust.

For the SFY2014 and SFY2015 Financing Program the law firm of McCarter & English, LLP has been designated as the Trust's bond counsel.

7.02 FY2013 FINANCING PROGRAM SUMMARY

A. OVERVIEW

On May 8, 2013, the Trust sold tax-exempt bonds in the amount of \$31,030,000 for thirty eight (38) projects with aggregate project costs of \$124 million. As discussed below, an additional fifteen (15) Legacy Projects valued at \$81 million are anticipated to receive FY2014 NJEIFP funding through the NJEIT Interim Finance Program (IFP) for a total of sixty four (64) projects at \$211.7 million anticipated to be under construction by June 30, 2013.

In addition to the FY2013 Financing Program, the NJEIT also completed a refinancing of one hundred and four (104) current borrowers through the sale of \$211.2 million in refunding bonds in August of 2012. The net debt service savings to the affected New Jersey taxpayers and ratepayers exceeds \$25 million in cash flow for these affected borrowers or \$21.7 million on a net present value basis (9.51% of par value) over the length of the refinanced loans. Over the past 25 years, the Trust has saved municipalities \$101 million by refinancing outstanding project loans, projects which protect public health, improve natural resources.

B. LOAN FUNDING SOURCES

Each NJEIFP Loan consists of two components, a Fund Loan from the DEP and Trust Loan from NJEIT. The sources of funds for the State DEP Loan component of each FY2013 traditional Financing Program loan consisted of current and prior federal capitalization grants, the proceeds of previously issued State Bonds, State legislative appropriations, loan repayments, and interest earnings. Federal capitalization grants were also utilized as the source of funding for principal forgiveness loans in the FY2013 Financing Program. The proceeds from the sale of Trust issued bonds served as the funding source for the Trust loan component for all but 10 of the loans in the

FY2013 Financing Program. On May 8, 2013, the Trust sold two bond issues totaling approximately \$31 million of par value amount, each separately rated Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's Corporation and Fitch Ratings respectively. The NJEIT funded 8 smaller projects wherein Trust loans totaling approximately \$1.3 million were issued through the Trust's Direct Loan Program using cash-on-hand for loans.

Finally, for a third year, the Program is focusing on providing strong incentives to address water quality challenges in the Barnegat Bay Watershed. The six (6) FY2013 Barnegat Bay projects valued at \$14.7 million were delayed due to Super Storm Sandy. As discussed below, the NJEIFP's commitment to improving the water quality of the Bay continues in the FY2014 Financing Program wherein \$20 million in total funds, including a provision for fifty percent principal forgiveness loans are being offered for Barnegat Bay Watershed and CSO Abatement projects.

8.0 PRICE SCHEDULE (INSERT EXCEL SHEET HERE)

NJEIT 2014 IFP Summary: as of 9/12/13

Agenda Item 7E

SUMMARY

TOTAL IFP APPLICATIONS	14
TOTAL AMOUNT REQUESTED	\$18,762,419
TOTAL CLOSED PROJECTS	11
TOTAL DISBURSED TO DATE	\$2,569,271

CLEAN WATER

Borrower	Proj #	IFP App. Date	Amount Requested	Description	Comment	IFP Closing Date	Amount of IFP Req's Processed	Date IFP Req's Summary
Atlantic Highlands - Highlands RSA	S340 857-03	4/8/13	\$ 2,833,082	Sewerage Force main Replacement	CLOSED - FUNDED	8/22/13	1,778,559	8/23/13
Ewing Lawrence SA	S340 391-10	4/17/13	\$ 500,000	WWTP improvements - P&D loan	CLOSED - FUNDED	8/14/13		
Fanwood Borough	S340 429-01	4/23/13	\$ 1,369,674	Glenwood Ave. Area drainage improvements	CLOSED - FUNDED	7/11/13		
Hanover SA	S340 388-05	3/18/13	\$ 7,510,630	Rehab of primary digester #2	CLOSED - FUNDED	6/26/13		
Ocean Gate Borough	S340 151-01	4/15/13	\$ 450,000	Sanitary sewer rehab - infiltration/inflow correction	CLOSED - FUNDED	6/6/13	158,709	7/12/13,8/19/13
Ocean Twp	S340 112-03-1	5/14/13	\$ 377,588	Replacement ACP sewer main Hornblower Dr.	CLOSED - FUNDED	6/21/13		
Total CW projects: 6			\$13,040,974		# OF CW PROJECTS CLOSED - 6		\$1,937,268	

DRINKING WATER

Independence MUA	W2112001-001	5/22/13	\$ 300,000	Autumn Ln well head rehab & plant improvement	requested to close 6/27/13 ??			
Manchester UA	W1603001-006	7/24/13	\$ 1,727,945	Rehab Central Ave storage tank	CLOSED - FUNDED	9/10/13	213,312	9/12/13
Manchester UA	W1603001-012	7/24/13	\$ -	Rehab high service reservoir/security improvements	CLOSED - FUNDED	9/10/13	51,021	9/12/13
Manchester UA	W1603001-013	7/29/13	\$ -	demolition of structures, security, improv's filter plt	CLOSED - FUNDED	9/10/13	115,290	9/12/13
Merchantville-Pennsauken WC	W0424001-007	4/15/13	\$ 2,571,000	Park Ave. Tank Painting	CLOSED - FUNDED	4/19/13	177,380	6/6/13,9/3/13
Newfield Borough	W0813001-001	4/25/13	\$ 1,002,600	Installation of radium treatment for well #5	requested to close ASAP - credit issues			
Newfield Borough	W0813001-002	4/30/13	\$ 44,900	Replace meter station at Vineland interconnection	requested to close ASAP - credit issues			
Ocean Gate Borough	W1521001-001-1	12/27/12	\$ 75,000	Wind Turbine	CLOSED - FUNDED	2/8/13	75,000	3/5/13
Total DW projects: 8			\$5,721,445		# OF DW PROJECTS CLOSED - 5		\$632,003	
Grand Total Projects: 14			\$18,762,419		# OF TOTAL PROJECTS CLOSED - 11		\$2,569,271	
TOTAL \$ AMT OF PROJECTS CLOSED - \$17,414,919							TOTAL PROJ'S GIVEN FUNDS - 7	

LAST DAY FOR TRUST IFP REQ PROCESSING IS 4/17/14

SUMMARY OF ANNOUNCEMENTS:

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

- Trust and DEP staff continue to participate in internal meetings with Bond Counsel, Rich Nolan and Financial Advisor, Geoff Stewart to discuss and develop the Trust's short-term Emergency Financing "SAIL" Program.
- Trust and DEP staff continue to participate in internal meetings and conference calls to discuss the joint development of the H2IOans computer system.
- Trust senior staff continues to work with process contract auditors, WithumSmith+Brown, to identify and prioritize those business processes most critical to the Trust.
- On September 6, 2013, Executive Director Zimmer was invited and met with Assemblyman Singleton to discuss EIT Legislation.
- On September 5, 2013, Executive Director Zimmer met with James Rutala of Rutala Associates, LLC and William England, the City Engineer for Atlantic City to discuss funding options for potential Sandy related infrastructure projects.
- On September 4, 2013, in efforts to reach a broader group of program applicants, the Trust conducted its first webinar to discuss the various funding programs available.
- On August 28, 2013, Executive Director Zimmer met with AGC of NJ's Chief Executive Officer Jack Kocsis, Jr. and its Executive Director Tom DiGangi.
- On August 28, 2013, Executive Director Zimmer attended a meet and greet with Assemblyman Singleton.
- On August 27, 2013, EIT and DEP staff met with representatives from PVSC to discuss integrity monitoring issues.
- On August 26, 2013, staff from the DEP, EIT and DCA meet to discuss technology components for the Superstorm Sandy Housing Incentive Program (SSHIP) and the Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program regarding environmental reviews.
- On August 22, 2013, EIT and DEP staff met with SMC-MUA to discuss financing options for Sandy resiliency projects.

- On August 21, 2013, Chairman Victor, Board Secretary Roger Ellis and Executive Director Zimmer attended a meet and greet with Senator Kean and Assemblyman Bramnick.
- Since the last Board meeting the Trust conducted the following internal meetings and conference calls:
 - Federal Review data sharing & insurance briefing of the Superstorm Sandy Rebuilding Strategy
 - Atlantic Highlands RSA regarding project financing
 - Credit Worthiness review of SFY2014 Program Borrowers
 - Volcano Partners
 - Investment Policy
 - Costs for EIT Support Personnel
- In addition to the conference calls above, several internal meetings were held to discuss:
 - FEMA project funding process and criteria
 - CDBG project eligibility criteria
 - Website redesign and review
- The October 10, 2013 Trust Board meeting has been rescheduled to October 17, 2013 at 10:00 a.m. at the Trust's offices. Please mark your calendars. An official Public Notice will be issued.

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 hard copies.

- On August 13, 2013 the Trust sent late payment letters to the following borrowers:
 - Allamuchy Township (Series 2001A)
 - Flemington Borough (Series 1996A)
 - Irvington Township (Series 2002A)
 - North Jersey District Water Supply Commission (Series 2006A)
- On September 5, 2013, notification letters were sent to the following borrowers reminding them of their November 1, 2013 loan payment due date:
 - Lakewood Township MUA for Series 2008A and Series 2012A loans
 - Old Bridge MUA for Series 2006A, Series 2008A, Series 2010A and Series 2010B loans

- 5.02 Certificates were sent to the following Program borrowers:

2010A	Chatham Borough	Project No. S340 403-06
2012A	Clinton Town	Project No. S340924-04

A copy of the full list of announcements is available on the Trust's webpage in a format that allows for copying under the General Information tab at:

<http://www.njeit.org/general-information/miscellaneous/board-meeting-agendas>



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

AMENDED

September 11, 2013

PUBLIC NOTICE

Public notice is hereby given that the New Jersey Environmental Infrastructure Trust ("Trust") Board of Directors will hold a public meeting on Thursday, September 12, 2013 at 10:00 a.m., in the large conference room, at 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey. Formal action may be taken at this meeting.

To the extent known, the agenda of the public meeting will be as follows:

1. Call to Order – Chairman
2. Open Public Meeting Act Statement
3. Roll Call
- *4. Approval of Minutes of the August 8, 2013 Meeting
5. Announcements
6. Public Comment
7. Unfinished Business:
 - A. Discussion of the Construction Status Report (hand-out)
(E. Chebra)
 - B. Aged Inventory Report
(L. Kaltman)
 - C. Discussion and Status of the SFY2014 Financing Program Projects (hand-out)
(E. Chebra)
 - D. Status of Outstanding Trust Requests for Proposals
(D. Zimmer)
 - E. Update on Closed Interim Financing Program Loans
(D. Zimmer)
 - F. Update on Internal Controls Audit
(D. Zimmer)
8. New Business
 - *A. Discussion and Approval of the August 2013 Treasurer's Report
(J. Hansbury)
 - *B. Discussion and Approval of a Resolution Amending and Restating the Trust's Investment Policy
(L. Kaltman)
 - *C. Discussion and Approval of a Resolution Establishing the Pool of Prequalified Lenders Eligible to Submit Bids for Lines of Credits in the Trust's SAIL Program

~~(D. Zimmer)~~

- *D. ~~Discussion and Approval of a Resolution Authorizing the Solicitation of Bids for Engineering Consulting Services for the SAIL Program~~

~~(D. Zimmer)~~

- *E. Discussion and Approval of a Resolution Authorizing the Purchase of Office Telecommunications Equipment from **Strategic Products and Services Avaya, Inc.**
(F. Scangarella)

- *F. Discussion and Approval of a Resolution Authorizing the Purchase of an Office Backup Power Generator From FM Generator, Inc.

(D. Zimmer)

- *G. **Discussion and Approval of a Resolution Authorizing the Issuance of a Request for Proposal for Internal Control Audit**

(D. Zimmer)

9. Executive Session (if necessary)

*ACTION ITEMS

Please note this is a proposed agenda and the New Jersey Environmental Infrastructure Trust may consider and take action on such other business, which may come before it at this public meeting. In addition, the New Jersey Environmental Infrastructure Trust may not act upon the items listed in the above-proposed agenda in its discretion.

RESOLUTION NO. 13 - ____

**RESOLUTION AUTHORIZING APPROVAL OF THE
SEPTEMBER 2013 TREASURER'S REPORTS**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer's Report for September 2013 and

WHEREAS, the Trust has placed in its files certain correspondence relating to expenses incurred in relation to the Trust.

NOW THEREFORE BE IT RESOLVED, That the Trust hereby accepts the Treasurer's Report for September 2013 and requests that the same be entered into the record.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION No. 13-

**RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN
THE NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION AND
THE NJ ENVIRONMENTAL INFRASTRUCTURE TRUST for ENGINEERING SERVICES
FOR THE STATEWIDE ASSISTANCE INFRASTRUCTURE LOAN PROGRAM**

WHEREAS, the New Jersey Environmental Infrastructure Trust (Trust) was established pursuant to N.J.S.A. 58:11B-1 et seq. (Trust Act) as an independent authority, in but not of the New Jersey Department of Environmental Protection (Department) authorized to provide essential governmental services for the purpose of making loans to both publicly and privately owned community and nonprofit, non-community water systems (project sponsors); and

WHEREAS, Section 5(m) of the Trust Act authorizes the Trust to issue loans to local government units and water systems for the acquisition, construction, improvement, repair or reconstruction of all or part of any structure, facility or equipment, or real or personal property necessary for or ancillary to any (1) wastewater treatment system project, including any stormwater management or combined sewer overflow abatement projects; or (2) water supply project, as authorized pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), including any water resources project, as authorized pursuant to P.L.2003, c.162 (hereafter “environmental infrastructure project”); and

WHEREAS, Section 5(e) of the Trust Act authorizes the Trust to accept the cooperation of any State Agency, for the purpose of the Trust Act and do anything necessary in order to avail itself of that aid and cooperation; and

WHEREAS, the Trust has worked in partnership with the Department since 1987 in issuing low interest loans to Project Sponsors through the New Jersey Environmental Infrastructure Financing Program (NJEIFP) for long-term financing of environmental infrastructure projects; and

WHEREAS, each NJEIFP loan consists of Trust funds (typically Trust bond proceeds) and Clean Water Act, State Revolving Fund (SRF) Capitalization Grant (33 U.S.C. Section 1381, et seq.), and Safe Drinking Water Act Capitalization Grants (42 U.S.C. 300j-12, Section 1452 and 65 FR 48299, Section 35.3500), wherein such “leveraging” significantly increases the number of environmental infrastructure projects financed with public funds; and

WHEREAS, the Trust has the fiduciary responsibility to ensure that Trust loans to Project Sponsors for environmental infrastructure projects are disbursed in a manner consistent with its statutory mission; and

WHEREAS, the issuance and management of NJEIFP loans requires the close coordination of efforts between the NJEIT and the Department, wherein the Department prioritizes projects, conducts environmental, permitting, SRF, and engineering application reviews, conducts site inspections, and reviews requisitions; and the Trust provides technology assistance, manages loan closings, disburses funds, and manages loan repayments; and

WHEREAS, the Trust is authorized to issue short term loans pursuant to the Disaster Relief Emergency Financing Program, commonly referred to as the Statewide Assistance Infrastructure Loan

Program (SAIL) for environmental infrastructure projects to repair facilities and systems adversely impacted during natural disasters (P.L. 2013 c.93); and

WHEREAS, the Department and the Trust recognize the necessity of financing SAIL applications to ensure critical environmental infrastructure projects are constructed as a component of New Jersey's Superstorm Sandy recovery effort; and

WHEREAS, the Trust and the Department are jointly soliciting applications for projects to be financed through the following environmental infrastructure financing programs: SAIL, the State Fiscal Year 2015 Clean Water and Drinking Water NJEIFP (SFY15 NJEIFP), and the Superstorm Sandy NJEIFP (Sandy NJEIFP); and

WHEREAS, the Department's resources are anticipated to be fully committed to the review of Sandy NJEIFP projects and as such, it is separately securing the services of an outside engineering firm to review SFY15 NJEIFP applications; and

WHEREAS, Letters of Intent for projects have been received seeking only short-term financing through SAIL (Sail only loans) in anticipation of reimbursement from the Federal Emergency Management Act (FEMA) and/or the U.S. Housing and Urban Development, Community Development Block Grant Program (CDBG); and

WHEREAS, the review and monitoring of applications, construction, and requisitions for Sail only loan projects necessitates the reviewing agency to have a thorough understanding of FEMA/CDBG technical requirements to ensure that short-term funds are only disbursed for FEMA/CDBG eligible costs; and

WHEREAS, given the necessity to aid in the recovery effort and the limitation of existing resources and expertise, the Department and the Trust agree that the services of an engineering consulting firm are necessary to review and approve loan applications, conduct site inspections, and review of construction requisitions and backup documentation, and as specifically set forth in Appendix A, for the disbursement of funds to those Project Sponsors utilizing SAIL short-term financing loans to meet cash flow needs in anticipation of FEMA and/or CDBG reimbursements (Engineering Consultant).

NOW THEREFORE BE IT RESOLVED, the Trust authorizes the Executive to execute a Memorandum of Understanding with the Department for, among other things, the procurement and oversight of an Engineering Consultant, and payment for Engineering Consultant Services as more fully set forth in Appendix A and incorporated herein.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 13-

**RESOLUTION OF THE TRUST AUTHORIZING THE ISSUANCE OF A SOLICITATION OF BIDS
FROM PREQUALIFIED FIRMS FOR ENGINEERING CONSULTING SERVICES
FOR THE TRUST'S STATEWIDE ASSISTANCE INFRASTRUCTURE LOAN PROGRAM (SAIL)**

WHEREAS, the New Jersey Environmental Infrastructure Trust (Trust) is authorized to make and enter all contracts necessary or incidental to the performance of its duties pursuant to N.J.S.A. 58:11B-5(d); and

WHEREAS, in Resolution No. 13-47, the Board authorized the Disaster Relief Emergency Financing Program wherein authorization is given to issue loans to qualified borrowers through SAIL; and

WHEREAS, Letters of Intent and Applications are being solicited through the Trust's online software program, H2IOans, from project sponsors seeking financing for their environmental infrastructure projects to repair and improve the resiliency of systems adversely impacted during Superstorm Sandy; and

WHEREAS, Letters of Intent in process indicate certain applicants will be seeking short-term financing as they await FEMA reimbursement for a portion of their project costs through the SAIL program and long-term financing through the New Jersey Environmental Infrastructure Financing Program (NJEIFP) for the remaining portion of project costs (local share); and

WHEREAS, the Trust and NJDEP both share the responsibility of ensuring the disbursement of funds through SAIL and the NJEIFP are made only after a thorough review of activities and eligible costs; and

WHEREAS, the NJDEP has technical engineering expertise of applicable State Revolving Fund applicant and project eligibility standards necessary to effectively review project costs, engineering design, project construction and requisitions; and

WHEREAS, NJDEP lacks expertise of applicable FEMA applicant and project eligibility standards necessary to effectively review project costs, engineering design, project construction and requisitions through SAIL; and

WHEREAS, it is the desire of the Trust to secure the services of an engineering firm to assist in the review of construction design, requisition review and approval and site inspections of projects to be financed solely through SAIL short-term loans for costs sought to be reimbursed by FEMA; and

WHEREAS, The State Office of Emergency Management has agreed to request FEMA reimbursement for these engineering costs but cautions that the NJDEP or the Trust will likely be liable for up to 10% of the total engineering fees not covered by reimbursement; and

WHEREAS, Trust staff has consulted with the NJ Department of Treasury (Treasury) who advised that the nature of the engineering assistance required is permitted as addenda to contracts between the State of New Jersey and Superstorm Sandy integrity monitors currently and is agreeable to proceed with a bid from among the pool of prequalified integrity monitors for engineering consulting services subject to the approval of the Office of the State Comptroller and the Attorney General's Office ; and

WHEREAS, The Office of the State Comptroller and the Attorney General's Office have recently approved the Scope of Services for engineering consulting services.

NOW THEREFORE BE IT RESOLVED THAT the Trust hereby authorizes the Executive Director to proceed with soliciting bids through Treasury for engineering consulting services for projects seeking financing through SAIL for costs sought to be reimbursed by FEMA; and

BE IT FURTHER RESOLVED THAT the Executive Director is further authorized to review all bids received in partnership with Treasury received in accordance with Trust's Policy and Procedures and to make a report and recommendation to the Trust as to the contract award for selection of an engineering consultant for a contract period of up to four years with an option for one (1) additional one-year period at the discretion of the Executive Director in consultation with the Chairman; and

BE IT FURTHER RESOLVED THAT the Executive Director is authorized to take all measures to minimize the costs to the NJEIT and authorizes the Executive Director to expend a sum not to exceed an outlay of \$700,000 for such services and only in such instances that the Executive Director is confident that such outlays will be at least 90% reimbursed by the Federal Emergency Management Act, Federal Urban Development, Community Development Block Grant, or other State or federal funding source; and

BE IT FURTHER RESOLVED THAT the SAIL Loan agreements shall obligate the applicant/borrower to pay the Trust an amount equal to the cost of all engineering consulting services for which FEMA reimbursement is not received within the term of the SAIL Loan; and

BE IT FURTHER RESOLVED THAT the Executive Director is authorized to take all other actions consistent with approved procedures to procure the services of an engineering consultant.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 13-__

**AMENDED AND RESTATED RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST AUTHORIZING THE STATE FISCAL YEAR 2014 NANO INFRASTRUCTURE
LOAN PROGRAM**

WHEREAS, pursuant to (i) Section 5(m) and Section 9(a) of the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”), as amended and supplemented (N.J.S.A. 58:11B-1 et seq.) (the “Act”), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same have been, and in the future may from time to time be, amended and supplemented (the “Regulations”), the New Jersey Environmental Infrastructure Trust, a public body corporate and politic under the laws of the State, created pursuant to the Act (the “Trust”), is authorized to make and contract to make loans (each, a “Trust Loan”) to project sponsors (each, a “Project Sponsor”) to finance a portion of the costs of the respective environmental infrastructure system projects thereof (each, a “Project”), which Project Sponsors may lawfully undertake or acquire and for which they are authorized by law to borrow funds, subject to such terms and conditions as the Trust shall determine to be consistent with the Act and the purposes of the Trust; and

WHEREAS, the NJEIT has partnered with the New Jersey Department of Environmental Protection (the “NJDEP”) to make loans to Project Sponsors for the financing of water supply projects pursuant to the New Jersey Environmental Infrastructure Financing Program (the “NJEIFP” or the “Financing Program”); and

WHEREAS, specifically, the Trust and the State, acting by and through the NJDEP, make loans pursuant to the NJEIFP to finance improvements to water supply systems serving populations of less than 10,000 (“Small Water Systems”), which loans are extended primarily to Project Sponsors consisting of small water companies; and

WHEREAS, Small Water Systems generally possess limited financial and professional resources and, therefore, generally require a significantly greater commitment by the Financing Program in order to evaluate such Small Water Systems and the Projects thereof, and to ensure that such Small Water Systems satisfy the conditions precedent to participation in the Financing Program, including, without limitation, creditworthiness standards of the Financing Program; and

WHEREAS, notwithstanding the challenges for the Financing Program in assessing the credit risk associated with Small Water System loans, the NJDEP has concluded that continued NJEIFP loans to Small Water Systems to finance drinking water improvements are necessary and appropriate to address important public health issues for the affected communities; and

WHEREAS, it is the desire of the Trust to establish the Nano Infrastructure Loan Program (the “NLP”) to serve as the funding mechanism for improvements to Small Water Systems while also addressing the credit risks posed by such Financing Program applicants; and

WHEREAS, the Board of Directors of the Trust (the “Board”), on September 13, 2012, adopted that certain “Resolution of the New Jersey Environmental Infrastructure Trust Authorizing the State Fiscal Year 2014 Nano Infrastructure Loan Program” (Resolution No. 12-50) (the “Original Resolution”), and now desires to amend and restate the Original Resolution in its entirety for the purpose of amending certain provisions of the Original Resolution in connection with the further development and implementation of the NLP.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Trust, as follows.

Section 1. The Board hereby amends and restates the Original Resolution in its entirety pursuant to the terms and provisions hereof.

Section 2. The Board hereby authorizes the establishment of the SFY 2014 NLP, provided that each of the following NLP requirements is satisfied in full:

- (a) NLP loans made to qualifying Project Sponsors by the Trust and the NJDEP during SFY 2014 pursuant to the NLP shall not exceed \$4,000,000 in aggregate principal amount. In the event that less than \$4,000,000 in aggregate principal amount of NLP Loans are made in SFY 2014, any remaining NLP funds not utilized in SFY 2014 shall be made available as additional NLP loan funds in SFY 2015 to the extent that the NLP is reauthorized and re-offered in SFY 2015;
- (b) each NLP loan shall consist of the following components: (i) an NJDEP principal forgiveness loan in the amount of fifty percent (50%) of the allowable costs of the applicable Project, (ii) an NJDEP zero interest loan in the amount of twenty-five percent (25%) of the allowable costs of the applicable Project, and (iii) a Trust Loan in the amount sufficient to finance twenty-five percent (25%) of the allowable costs of the applicable Project (the “Trust Loan Component”);
- (c) the Trust Loan Component of all NLP loans made to qualifying Project Sponsors by the Trust during SFY 2014 pursuant to the NLP shall not exceed \$1,000,000 in aggregate principal amount;
- (d) the total of all NLP loans for any given qualifying Project Sponsor for SFY2014 shall be no greater than \$1,000,000 and no less than \$100,000;
- (e) the source of funds for the Trust Loan Component of all NLP loans made by the Trust during SFY 2014 pursuant to the NLP shall consist of proceeds of one or more series of bonds to be issued by the Trust pursuant to the Act for such purposes (the “NLP Trust Bonds”);

- (f) the proceeds of bonds issued by the Trust for purposes of making loans to borrowers other than Small Water Systems shall not be utilized to finance the Trust Loan Component of any NLP loan;
- (g) the Chairman, Vice Chairman and Executive Director of the Trust (each, an “Authorized Officer”) are each hereby authorized, at their respective discretion, (i) after consultation with Bond Counsel to the Trust, the Office of the Attorney General of the State and the Financial Advisor to the Trust, and (ii) if and to the extent that a credit assessment of the Project Sponsor in question so warrants, to require a Project Sponsor to establish a loan guarantee fund (the “Guarantee Fund”), in addition to the LLR Fund (as defined in and to the extent required by Section 4 hereof), in the event that (A) the principal amount of the NLP loan for which such Project Sponsor currently is applying, together with (B) the aggregate principal amount of all other NLP loans of such Project Sponsor then outstanding, exceed \$1,000,000 in aggregate principal amount, which Guarantee Fund shall serve as additional collateral for the repayment of the Trust Loan Component of each of the outstanding NLP loans of such Project Sponsor; to the extent required by an Authorized Officer pursuant to the terms hereof, the Guarantee Fund shall be established in an amount deemed appropriate thereby, but shall not exceed maximum annual debt service for the aggregate then-outstanding principal amount of the Trust Loan Components of the NLP loans of such Project Sponsor, multiplied by 2;
- (h) any applicant with respect to the NLP (in addition to satisfying all other SFY 2014 NJEIFP loan conditions) shall demonstrate that its Small Water System is (and shall continue to be) managed in a professional manner that is consistent with the Federal Fiscal Year 2013 Drinking Water Intended Use Plan;
- (i) NLP loan recipients shall not be subject to the imposition by the NJDEP of an administrative fee; and
- (j) NLP loan recipients shall not be subject to the imposition by the Trust of an administrative fee to cover any portion of the Trust’s bond issuance costs (other than underwriters’ discount), but (i) shall be subject to an annual Trust administrative fee for loan servicing in the annual amount of 0.30% of the original principal amount of the Trust Loan Component, and (ii) shall be assessed the annual fee required in connection with the LLR Fund, as defined in and to the extent required by Section 4 hereof.

Except as otherwise provided by this Resolution, as a condition precedent to the receipt by an applicant of an NLP loan, such applicant shall comply fully with each eligibility requirement that shall apply to any applicant for participation in the SFY 2014 NJEIFP.

Section 3. Any SFY 2014 NLP loan made by the Trust shall be evidenced by the following:

- (a) a bond, note or other appropriate obligation of the Project Sponsor to be issued to the Trust (the "Obligation"), with the following covenants (in addition to other SFY 2014 NJEIFP loan covenants): (i) a municipality shall provide to the Trust a general obligation ("GO") pledge of the unlimited *ad valorem* taxing power thereof; (ii) an authority that has entered into a service agreement containing one or more GO pledges from its municipal or county participants shall pledge to the Trust its right to receive payments pursuant to such service agreement; (iii) each authority shall provide to the Trust a pledge of its revenues and shall be subject to the various covenants and requirements of its general indenture or resolution, as applicable; (iv) a water company shall provide to the Trust a pledge of its revenues and shall be subject to the various covenants and requirements of its general indenture or resolution, including, without limitation, its obligation to raise and collect annual fees and charges to the extent necessary to cover all operating, capital and debt service expenses in order to manage and operate its water supply system in good working condition;
- (b) any other documentation as shall be deemed necessary and appropriate by the Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State (collectively, the requirements of (a) and (b) of this Section 3 shall be referred to herein as the "Loan Instruments").

Each Obligation and all other Loan Instruments shall be in such form as shall be approved by an Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State. The Loan Instruments shall include such terms and provisions relating to the SFY 2014 NJEIFP as shall be determined by the Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, as being necessary in connection with (i) the satisfaction of the requirements of the Act and the Regulations and (ii) the implementation of the terms of this Resolution.

Section 4. Each NLP loan recipient that does not provide as security for its Obligation a direct or indirect municipal or county GO pledge shall be assessed an annual loan loss reserve fee consisting of 1% of the total outstanding principal amount of the Trust Loan Component of such recipient's NLP loan as of the given calculation date. This fee shall be non-refundable and shall be deposited by the Trust upon receipt thereof into a loan loss reserve fund ("LLR Fund") that shall be established and held by the Trust or a fiduciary thereof. All monies deposited into the LLR Fund shall be applied by the Trust solely to provide additional security for the NLP Trust Bonds. In addition, in order for the Trust to secure and maintain a "AAA" or "Aaa" rating on the NLP Trust Bonds, the Trust is hereby authorized and directed to accept any supplement to the LLR Fund that shall be paid by the NJDEP, initially from loan repayments of its Drinking Water annual capitalization grants, which supplement shall be in such amount as shall be necessary to enable each rating agency then rating the NLP Trust Bonds to issue a "AAA" or "Aaa" rating with respect to the NLP Trust Bonds. To the extent that, at any time, the amount on deposit in the LLR Fund, exclusive of any NJDEP contribution thereto, is adequate to enable the Trust to maintain a "AAA" or "Aaa" rating from each rating agency then rating the NLP Trust Bonds, and to secure any and all default risks with respect to the NLP Trust Bonds, as such default risks are assessed and determined by an Authorized Officer,

after consultation with Bond Counsel to the Trust, the Office of the Attorney General of the State and the Financial Advisor to the Trust, the NJDEP contribution to the LLR Fund shall be withdrawn from the LLR Fund and repaid to the NJDEP.

Section 5. The Authorized Officers are hereby severally authorized and directed to execute (i) any Loan Instrument to which the Trust is a party (the "Trust Loan Instruments") and (ii) any certificates, instruments or documents contemplated therein or otherwise related to the participation of any Project Sponsor in the SFY 2014 NLP.

Section 6. Upon execution of the Trust Loan Instruments by an Authorized Officer, the Secretary and the Assistant Secretary of the Trust are each hereby severally authorized and directed, where required, to affix the corporate seal of the Trust, and to attest to the signature of such Authorized Officer, thereon and on any certificates, instruments or documents contemplated therein or related thereto.

Section 7. Any Authorized Officer is hereby authorized and directed to take such other actions that such Authorized Officer, in his respective sole discretion after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, deems necessary, convenient or desirable in order to effect the establishment of the SFY 2014 NLP and the transactions contemplated hereby.

Section 8. The NLP shall fully comply with the provisions of the Act, the Regulations applicable thereto and the terms of this Resolution.

Section 9. This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 13-__

**RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
APPROVING THE TRUST'S AN AMENDED AND RESTATED CREDIT POLICY**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust"), pursuant to and in accordance with the "New Jersey Environmental Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (codified at N.J.S.A. 58:11B-1 et seq.), as the same has been, and in the future may from time to time be, amended and supplemented (the "Act"), is authorized to make and contract to make loans to project sponsors to finance a portion of the costs of the respective environmental infrastructure system projects thereof, which project sponsors may lawfully undertake or acquire and for which they are authorized by law to borrow funds, subject to such terms and conditions as the Trust shall determine to be consistent with the Act and the purposes of the Trust; and

WHEREAS, prior to State Fiscal Year 2013, applicants for financing through the New Jersey Environmental Infrastructure Financing Program (the "NJEIFP") were required to comply with the creditworthiness standards set forth in a letter, dated October 29, 2001, from the State Treasurer to the Executive Director of the Trust;

WHEREAS, in recognition of possible enhanced credit risks posed by certain NJEIFP applicants, the staff of the Trust, commencing in November of 2011, undertook a comprehensive review of the credit risk as it related to all NJEIFP borrower classes;

WHEREAS, as a result of such comprehensive review, the Trust developed a new policy (the "2013 Creditworthiness Policy") intended (i) to ensure consistency and appropriate management of all credit risk on the part of the Trust with respect to all NJEIFP borrower classes on a programmatic basis, and (ii) to provide improved and consistent transparency to all NJEIFP applicants with respect to the creditworthiness standards of the NJEIFP;

WHEREAS, the Board of Directors of the Trust (the "Board"), on January 10, 2013, adopted that certain "Resolution Approving a Credit Policy" (Resolution No. 13-02) (the "2013 Resolution"), pursuant to which the 2013 Creditworthiness Policy was approved and implemented;

WHEREAS, the staff of the Trust, as a result of ongoing assessment and evaluation of the implementation of the 2013 Creditworthiness Policy, has prepared and submitted to the Board an "Amended and Restated New Jersey Environmental Infrastructure Trust Credit Policy" (the "Amended Creditworthiness Policy") for purposes of (i) refining certain elements of the 2013 Creditworthiness Policy, (ii) further ensuring consistency and appropriate management of all credit risk on the part of the Trust with respect to all NJEIFP borrower classes on a programmatic

basis, and (iii) further ensuring improved and consistent transparency to all NJEIFP applicants with respect to the creditworthiness standards of the NJEIFP; and

WHEREAS, it is the desire of the Board to authorize and adopt the Amended Creditworthiness Policy in the form attached hereto as Exhibit A and made a part hereof.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Trust that the Board hereby authorizes and approves (i) the adoption by the Trust of the Amended Creditworthiness Policy, in the form attached hereto as Exhibit A and made a part hereof, with such immaterial modifications thereto as the Executive Director of the Trust shall approve, following consultation with Bond Counsel to the Trust, the Office of the Attorney General of the State and the Financial Advisor to the Trust, and (ii) the implementation by the Trust of such Amended Creditworthiness Policy pursuant to the terms thereof, commencing with the State Fiscal Year 2014 NJEIFP. This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

EXHIBIT A

AMENDED CREDITWORTHINESS POLICY

RESOLUTION NO. 13 - ___

**RESOLUTION OF THE TRUST APPOINTING TD WEALTH AS CUSTODIAL BANK
FOR A PERIOD NOT TO EXCEED THREE YEARS**

WHEREAS, the Trust is authorized to procure Custodial Banking Services pursuant to N.J.S.A. 58:11B-5L; and

WHEREAS, in Trust resolution No. 13-44, the Board authorized the Acting Executive Director to solicit proposals for Custodial Banking Services; and

WHEREAS, the Trust competitively procured proposals through formal advertisement and distribution of a Request for Proposals (RFP) to a list of fourteen (14) firms; and

WHEREAS, the Trust received three (3) proposals in response to the notice of solicitation; and

WHEREAS, the Trust established a Selection Committee whose members independently ranked the proposals based on the criteria and weights set forth in the notice of solicitation; and

WHEREAS, the Committee tabulated the member's rankings and recommends awarding a custodial banking contract to TD Wealth based on TD Wealth's October 8, 2013 proposal receiving the highest ranking of all proposals received.

NOW THEREFORE BE IT RESOLVED THAT the Acting Executive Director send a letter of intent to make the appointment to TD Wealth, which letter also states that the appointment is from November 1, 2013 through October 31, 2015 with an option to extend one year and contingent upon the subsequent execution by all parties of an agreement substantially in the form of the agreement attached to the Custodial Banking Services Request for Proposals; and

BE IT FURTHER RESOLVED THAT the Chairman or Vice Chairman of the Trust is hereby authorized to execute an agreement, substantially in the form of the agreement attached to the Request for Proposals, with TD Wealth. The terms and conditions of the agreement shall include but not be limited to:

- a. the provision of services as outlined in the Trust's Request for Proposal (RFP) distributed on September 5, 2013 and the proposal submitted by TD Wealth dated October 8, 2013.
- b. the payment of all fees for all services as detailed in the October 8, 2013 submittal.

- c. such other terms and conditions as may be contemplated by the RFP and the materials enclosed therewith as deemed necessary and appropriate by the Chairman or Vice Chairman of the Trust.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

Agenda Item 9

RESOLUTION NO. 13-__

EXECUTIVE SESSION

BE IT HEREBY RESOLVED, That pursuant to N.J.S.A. 10:4-12 and N.J.S.A. 10:4-13, the members of the New Jersey Environmental Infrastructure Trust (the "Trust") hold an executive session regarding contract negotiations, personnel matters and advice from counsel.

BE IT FURTHER RESOLVED, That it is expected that discussions undertaken at this executive session will be made public once a final position is adopted by the Trust regarding such actions.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions: