



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

November 7, 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, November 14, 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 October 17, 2013 Meeting
5. Announcements
6. Public Comment
7. Unfinished Business:
 - A. Discussion of the Construction Status Report (hand-out)
(S. Betz)
 - B. Discussion and Status of the SFY2014 Financing Program Projects (hand-out)
(S. Betz)
 - 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 October 2013 Treasurer’s Report
(J. Hansbury)
 - *B. Discussion and Approval of a Resolution Authorizing the Purchase of Office Desktop Computers for H2LOans.
(F. Scangarella)
 - *C. Discussion and Approval of a Resolution Approving an Amended and Restated Agreement for Financial Advisory Services and Certain Investment Advisory Services.
(L. Kaltman)
- 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

October 18, 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 October 17, 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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October 18, 2013

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – OCTOBER 17, 2013

1. CALL TO ORDER:

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, October 17, 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.

3. ROLL CALL:

Ms. Josephine Manzo conducted roll call to which Mr. Victor, Mr. Barrack, Mr. Ellis, Mr. Briant, Mr. Chebra, Mr. Requa, all responded affirmatively.

DIRECTORS

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

OTHERS

David E. Zimmer, Executive Director
Frank Scangarella, Assistant Director
Lauren Seidman Kaltman, Chief Financial Officer
John Hansbury, Chief Budget Officer
Kerstin Sundstrom, Governor's Authorities Unit
Clifford T. Rones, Deputy Attorney General
Brian McGarry, Deputy Attorney General
Richard Nolan, McCarter & English LLP
Geoffrey Stewart, Public Financial Management
Steven Betz, Municipal Finance & Construction

4. APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the September 12, 2013 Trust Board meeting.

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

Mr. Briant 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.

- Letters of Intent were received on October 7, 2013 from project participants requesting financing in both the SFY2015 NJEIT Traditional NJEIFP and Sandy NJEIFP.
- Executive Director Zimmer and CFO Kaltman participated on conference calls with the New Jersey Bankers Association's President John McWeeney and various local banking intuitions to discuss parameters of the SAIL Financing Program.
- On October 15, 2013, Board Secretary Ellis, Executive Director Zimmer and Assistant Director Scangarella attended a meet and greet with Senator Lou Greenwald.
- On October 14, 2013, Board Secretary Ellis, Executive Director Zimmer and Assistant Director Scangarella attended a meet and greet with Senate President Stephen Sweeney.
- On October 8, 2013, Board Secretary Ellis and Executive director Zimmer attended a meet and greet with Senator Jennifer Beck.
- On September 25, 2013, Executive Director Zimmer participated in a conference call with BPU Senior Policy Advisor Michael Winka, and staff from both the NYS Council of Development Finance Agency and Energy Programs Consortium (representing the US DOE) to discuss the possibility of issuing a Qualified Energy Conservation Bond (QECB) funding program for the NJ BPU.
- The Trust will be holding a Board meeting in November. It is scheduled for Thursday, November 14, 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 website 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. Patel, of the NJDEP’s Municipal Finance and Construction Element, reported that there are 235 active projects totaling \$1,350,371,165 and 875 closed projects with loans outstanding totaling \$4,234,669,139 for a grand total of 1110 projects at \$5,585,041.304.

B. 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:	61 Projects Totaling	\$177,699,000
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	74 Projects Totaling	\$222,053,000

SFY2014 Grand Totals:

Clean & Drinking Water Program Totals:	162 Projects	\$779,255,000
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There were no questions or comments.

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

- The Trust did not receive any new applications for the previous month and currently has a total of 14 IFP loan applications totaling \$18,724,419.
- The Trust has closed on twelve (12) IFP loan applications, including Independence MUA, which closed this past month for \$262,000, resulting in a total amount closed of \$17,676,919.
- Seven (7) projects have received IFP loan disbursements from the Trust to date totaling \$3,501,987.

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. 12-61 adopted December 13, 2012.

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
Executive Director Zimmer reported that the board would be making an award on this contract under Agenda Item 8F later on in the meeting.
- RFP for Internal Controls Audit
On October 17, 2013, the RFP was released and distributed. Responses are due on November 21, 2013. The contract award will be added to the December Agenda for the Board's consideration and approval.

E. Executive Director Zimmer reported that WithumSmith&Brown is in the process of finalizing its review work of the Trust's riskiest business processes. A final report is due to the Board by October 31st.

F. Executive Director Zimmer discussed the status of the Letters of Intent (LOI) for the SAIL Financing Program, SFY2015 NJEIFP, and SANDY NJEIFP. The Trust received requests for 169 Clean Water projects totaling \$1.364B and 72 Drinking Water projects totaling \$229M. Executive Director Zimmer reminded the Board that, while not all of these projects might be funded in the SFY2015 Financing Program, it is still advantageous to have these projects' LOIs submitted rather than not have the projects on the fundable list at all.

(*) Ms. Campbell arrived.

8. NEW BUSINESS:

A. Executive Director Zimmer requested that the Trust's Chief Budget Officer, John Hansbury, introduce Resolution No. 13-54 accepting the September 2013 Treasurer's Report.

Mr. Hansbury presented the Report announcing that in September, the Trust received revenues from fees of \$59,137.50 and paid bills totaling \$385,225.08 and that the Trust had received and is reviewing bills for payment totaling \$47,280.93.

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. Requa and seconded by Mr. Briant. The motion was carried 7 to 0 with 0 abstentions.

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

Princeton Pike Office Park, LLC	\$9,480.45
(Rent - October 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.	
PFM Asset Management, LLC	\$11,378.70
(Investment Advisor - August 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# 146903	
LeClair Ryan (Special Counsel Fees)	\$6,104.58
J&J Staffing Resources	\$14,067.20
(Part-Time salaries September 2013, invoice #'s: 315196, 315548, 315911, 316269)	
U.S. Bank	\$2,750.00
(Trustee Fees in connection with the NJEIT 2010 A, B Refunding Bonds)	
Bank of New York Mellon	\$3,500.00
(Trustee Services in connection with the NJEIT 2012A, B & C Refunding Bonds (9/1/13 - 8/31/14))	
TOTAL	<u>\$47,280.93</u>

- B. Executive Director Zimmer introduced Resolution No. 13-55 approving a Memorandum of Understanding between the NJDEP and the NJEIT regarding the procurement, oversight and payment for engineering consulting services for the Statewide Assistance Infrastructure Loan (SAIL) Program. The success of any short-term infrastructure Financing Program managed by the Trust is dependent upon technical and financial oversight responsibilities by Program Staff. The hiring of an outside engineering firm to address the need for additional technical resources, and the oversight responsibilities of each the DEP and EIT are spelled out in the MOU.

Executive Director Zimmer opened the floor for discussion.

The MOU was discussed in detail by the Board. Vice Chairman Barrack questioned the necessity of hiring a private engineering firm or whether the Program should rely on the services of the DEP to perform the additional engineering services, if needed. Mr. Barrack expressed concern that there may only be a limited number of projects that would require these services, and if so, commented that DEP engineers should be able to perform such services.

Mr. Chebra informed that Board that DEP and EIT staff are reviewing the recently received LOI's to distinguish the optimal form of funding for each project and that the Department does not believe it has the manpower or expertise regarding reviewing and monitoring the compliance requirements for either Federal Emergency Management Agency (FEMA) or the Community Development Block Grant (CDBG) funds. Mr. Chebra added that while the DEP is in the process of hiring engineering trainees, the process will take time.

Executive Director Zimmer reported that the Trust's SAIL Financing Program requires the assistance of engineering review services, whether such services are provided by the DEP or an engineering consultant, and that he has had discussions with Senior Management at the DEP regarding the need for additional outside resources to handle technical responsibilities beyond the base SRF Program.

Chairman Victor suggested that the Trust's Executive Director send a letter to both the State Department of the Treasury and the Department of Environmental Protection expressing the Board's concerns regarding the potential of stranded costs for these engineering services. Chairman Victor suggested that the Board approve the MOU at this time so that SAIL Program might progress forward. Members of the Board felt confident that if these outside engineering services are required, since 90% of the costs will likely be reimbursed by Federal Grant Programs and any remaining costs will be the responsibility of local borrowers, there is limited expense risk for the Trust.

Chairman Victor requested a motion for approval.

The resolution was moved for adoption by Mr. Briant and seconded by Mr. Ellis.
The motion was carried 6 to 0 with 1 abstention by Mr. Barrack.

- C. Executive Director Zimmer requested that the Trust's Assistant Director, Frank Scangarella introduce Resolution No. 13-56 authorizing the issuance of a Solicitation of Bids to prequalified firms for engineering consulting services for the Trust's SAIL Program as outlined in the attached "Engineering Services – Scope of Work".

Mr. Scangarella reported that the State Department of the Treasury possesses a prequalified pool of integrity monitoring firms that can apply, and that the choice of the selected engineering firm will need to be brought before the Board for contact award approval.

Mr. Scangarella asked if there were any comments or questions.

Hearing none, Chairman Victor requested a motion for approval.

The resolution was moved for adoption by Mr. Briant and seconded by Mr. Requa.
The motion was carried 6 to 0 with 1 abstention by Mr. Barrack.

- C1. As suggested by DAG Rones, Chairman Victor made a motion for Resolution No. 13-57 requiring Executive Director Zimmer to draft and send a letter to both the State Department of the Treasury and the Department of Environmental Protection stating the Board's concerns regarding reimbursement to the Trust for any engineering services costs not covered by Federal grants or paid by the local Borrower.

Mr. Briant seconded the motion.

The motion was carried 7 to 0 with 0 abstentions.

- D. Executive Director Zimmer introduced Resolution No. 13-58 amending and restating the SFY2014 Nano Loan Program adopted under Resolution No. 12-50 on September 12, 2012. The first amendment clarified the ambiguity in the original Resolution confirming that General Obligation providers are not required to pay a 1% loan loss reserve fee to receive a Nano loan. In addition, any remaining Nano loan funds not issued in SFY2014 would be rolled in the SFY2015 Nano Loan Program, subject to appropriation and Board approval. The amended Resolution also provides that NLP loans to each borrowers shall have a minimum principal amount of \$100,000 and a maximum principal amount of \$1,000,000. Mr. Barrack questioned whether repayments from the Nano Loan Borrowers would be required in ACH format similar to the requirement in the Direct Loan Program. Mr. Zimmer confirmed that this requirement exist did in the Program's loan documents. Mr. Barrack requested that the Resolution be amended to cross-reference the Nano Program's loan documents regarding this provision.

Chairman Victor requested a motion for approval.

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

The motion was carried 7 to 0 with 0 abstentions.

- E. Executive Director Zimmer requested that The Trust's Chief Financial Officer, Lauren Kaltman introduce Resolution No. 13-59 approving the amended Trust Credit Policy which was originally passed by the Board under Resolution No. 13-02 on January 10, 2013. The prior policy was approved with the understanding that amendments would need to be made after the Policy was implemented. The amendments clarify and tighten language around direct and indirect pledges; inclusion of other NJ government agencies; inclusion of the Trust's prior experience with a Borrower; and the clarification of the use of a school district rating. De-minimis Borrowers are now required to have either approval from LFB or in the case of a revenue Borrower, a resolution passed by the Board recognizing the terms of the loan and covenants. A template outlining the specific requirements for De-minimis Utility Authorities to satisfy the creditworthiness requirements was also included.

Chairman Victor asked if there were any comments or questions.

Chairman Victor requested a motion for approval.

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

The motion was carried 7 to 0 with 0 abstentions.

- F. Executive Director Zimmer introduced Resolution No. 13-60 authorizing the appointment of TD Wealth as Custodial Bank for a period not to exceed three years. Under Resolution No. 13-44 authorizing the RFP, the Trust received and reviewed 3 responses. The Selection Committee independently ranked the proposals based on the criteria and weights set forth in the RFP and recommended the highest-ranked firm, TD Wealth, for award for the period of November 1, 2013 through October 31, 2015 with an option to extend one-year upon approval of Board.

Hearing no comments or questions, Chairman Victor requested a motion for approval.

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

9. EXECUTIVE SESSION:

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

Chairman Victor introduced Resolution No. 13-61 to conduct an Executive Session.
The resolution was moved for adoption by Mr. Barrack and seconded by Mr. Chebra.
The motion was carried 7 to 0 with 0 abstentions.

The Board convened Executive Session at 11:23 a.m.

Public session was reconvened at 11:57 a.m. Minutes of the Executive Session will be available when the need for confidentiality is no longer necessary.

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

Chairman Victor then asked for a motion for an adjournment.

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

The meeting was adjourned at 11:59 a.m.

RESOLUTION NO. 13 - 54

**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: October 17, 2013

Motion Made By: Mr. Requa

Motion Seconded By: Mr. Briant

Ayes: 7

Nays: 0

Abstentions: 0

RESOLUTION No. 13 - 55

**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:	October 17, 2013
Motion Made By:	Mr. Briant
Motion Seconded By:	Mr. Ellis
Ayes:	6
Nays:	0
Abstentions:	1 (Mr. Barrack)

MEMORANDUM OF UNDERSTANDING
Between
The New Jersey Department of Environmental Protection and
The New Jersey Environmental Infrastructure Trust for
Engineering Services for the
STATEWIDE ASSISTANCE INFRASTRUCTURE LOAN PROGRAM

WHEREAS, this Memorandum of Understanding (**Agreement**), made and entered into between the New Jersey Environmental Infrastructure Trust (**Trust**) and the New Jersey Department of Environmental Protection (**Department**); and

WHEREAS, the 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 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 conducts the following activities for SRF funded projects: prioritizes projects, conducts environmental, permitting, and engineering application reviews, conducts site inspections, and reviews requisitions; and the Trust

oversees the implementation of the Financing Program's credit worthiness standards, provides technology assistance, manages loan closings, disburses funds, facilitates the borrowers' compliance and reporting obligations pursuant to Federal Emergency Management Agency (**FEMA**) requirements as well as with the New Jersey Office Of Emergency Management (**OEM**) 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, certain projects will utilize short-term financing through SAIL in anticipation of reimbursement from FEMA and/or the U.S. Housing and Urban Development, Community Development Block Grant Program (**CDBG**), and the review and monitoring of applications, construction, and requisitions for such 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 (**Engineering Consultant**) may be necessary to review and approve technical aspects of loan applications, conduct site inspections, review construction requisitions and backup documentation 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.

WHEREAS, in the event that an Engineering Consultant is determined to be necessary to perform the tasks discussed above, NJEIT will contract with an Engineering Consultant pursuant to the Program and Process Management Auditing, Financial Auditing and Grant Management and Integrity Monitoring/Anti-Fraud services for Disaster Recovery Assistance procurements (RFP/RFQ).

THEREFORE, the Trust and Department enter into this Memorandum of Understanding (**MOU**) as follows:

1. The Department is primarily responsible for providing engineering and technical support and oversight to the Trust for work done by the Engineering Consultant for infrastructure projects funded in whole or in part with either FEMA and/or SRF repayment monies within the constraints of available resources. The Department shall not certify any project for which the Department lacks the

aforementioned engineering and technical support and oversight and no SAIL project shall be funded absent Department certification in accordance with P.L. 2013 c. 93). The Department and the Trust will identify the requirements for oversight of FEMA and CDBG funding in order to allow the Department to review the Engineering Consultant's work for compliance with FEMA and CDBG funding eligibility requirements, however, the Department takes no responsibility for the ultimate determination of FEMA and/or CDBG funding eligibility. The Trust is primarily responsible for overseeing the legal, credit and required documentation review and submission processes required of the local borrower and/or the Engineering Consultant to expedite project expense reimbursement to the local borrower and minimize the possibility of de-obligation of FEMA funds. Department oversight of projects that are funded with SRF monies will take priority over non-SRF funded project reviews.

2. The Department will communicate this quality of work to the Trust and will provide guidance, evaluate the project contractor's (**Contractor**) performance and communicate the Engineering Consultant's performance to the Trust in the following areas:

- a. Application Review / Approval:
 - i. State Revolving Fund (SRF) requirements, including but not limited to:
 - a. Prevailing Wage Requirements;
 - b. Socially and Economically Disadvantaged (**SED**) Business Requirements;
 - c. EPA SRF Requirements;
 - d. Cost eligibility;
 - e. Environmental Review requirements;
 - f. NJEMS permit confirmation;
 - g. Review exhibits for inclusion in the loan closing agreements;
- b. Construction Management / Disbursement of Funds:
 - i. Abridged requisition cost eligibility confirmation;
 - Assure costs are in agreement with approved design;
 - ii. Assure that the contractor is performing adequate requisition review in line with base program processes ;
 - iii. Verification of the contractor provided progress tracking sheet;
 - iv. Allowable and Unallowable cost guidance;
 - v. Assist the contractor to make sure applicant is in compliance with all permitting requirements prior to project certification;
- c. Other:
 - i. Certify projects pursuant to the provisions of the Disaster Relief Emergency Financing Program (P.L.2013, c.93);
 - ii. Provide engineering guidance and expertise in accordance with the 'Engineering Services – Scope of Work' outlined in Appendix A, and as otherwise may be needed;
and

3. The Department shall also:

- a. Conduct project ranking;
- b. Process disbursements of funds from available State / Department funding sources;
- c. Provide working space and building access for contractors, which will be located at the Department;

- d. Provide meeting space and send a representative to attend the bi-weekly project status and contractor performance meetings; and
4. The Trust shall perform the following services pertaining to the Engineering Consultant:
 - a. Develop a solicitation for engineering consulting services;
 - b. Work in partnership with the New Jersey Department of Treasury in procuring such services;
 - c. Monitor expenditures for compliance with FEMA and CDBG requirements;
 - d. Assignment of Engineering Consultant's project review schedule;
 - e. Receipt of contractor performance reviews and take corrective actions based on these reviews;
 - f. Review results of Engineering Consultant's site inspections;
 - g. Review exhibits for inclusion in the loan closing agreements; and
5. The Trust shall administer loans including but not limited to:
 - a. Structure the sources of funds for SAIL Loans;
 - b. Draft and execute Sail Loans;
 - c. Disburse funds from available Trust sources;
 - d. Receive Repayments of State/Department and Trust funds; and
 - e. Conduct post-issuance compliance reviews for SAIL projects.
6. Although the Trust and the Department will seek to offset the cost of the remaining costs (local share) of such services from FEMA and the CDBG, program borrowers are responsible for all unreimbursed engineering consultants service costs.
7. The Trust and Department shall commit the necessary staff resources and conduct the necessary meetings to perform the above functions; and
8. The responsibilities outlined above shall take effect upon the execution of this agreement and any changes in the facts upon which this agreement is based or any deviations from the terms and conditions of this MOU may render this MOU null and void; and
9. In the event any provision of this MOU is rendered invalid or unenforceable by any valid act of Congress or is found to be in violation of State statutes and/or regulations, said provision(s) hereof will be immediately void and may be re-negotiated for the sole purpose of rectifying the non-compliance. The remainder of the provisions of this MOU not in question shall remain in full force and effect; and
10. Should one or more covenants or conditions be waived by either party, such waiver shall not be deemed to waive or render unnecessary the consent or approval of the waiving party to or of any subsequent similar act by the other party.
11. This MOU shall remain in full force and effect as long as the following conditions are present: the Trust has outstanding SAIL loans or repaid SAIL loans being reimbursed either wholly/partially by FEMA grants that have not been closed out, including the record retention period. Any changes in regulations, policies or procedures applicable to disaster funding shall constitute an amendment to this Agreement; and

12. All notices and other communications pertaining to this Agreement shall be in electronic format and/or writing and shall be transmitted either by e-mail, personal hand-delivery (and receipted for) or deposited in the United States Mail, as certified mail, return receipt requested and postage prepaid, to the other party, addressed as follows: New Jersey Environmental Infrastructure Trust 3131 Princeton Pike, Bldg. 6, Ste. 201 Lawrenceville, NJ 08648 **or** dzimmer@njeit.org; and
13. This MOU shall be construed and interpreted according to the laws of the State of New Jersey; and
14. This MOU constitutes the entire understanding among the Parties and may only be modified by a written amendment signed by the Parties; and
15. This MOU is being entered into for the sole purpose of evidencing the mutual understanding and intention of the Parties. It may be amended, modified, and supplemented at any time by mutual consent and in writing signed by the undersigned or their designees. There are no third party beneficiaries of this MOU; and
16. All the terms, conditions, and covenants to be observed and performed by the parties shall be applicable to and binding upon their several successors and assigns, as the case may be; and
17. This MOU may be executed in counterpart on separate signature pages and each fully signed MOU shall be enforceable; and
18. By the signatures below, the parties execute the MOU and confirm that they are mutually bound by and fully authorized and empowered to enter into and bind their organization by all provisions contained herein.

IN WITNESS WHEREOF, the Parties hereto have caused this MOU to be signed on the dates set forth below:

DEPARTMENT OF ENVIRONMENTAL
PROTECTION

Bob Martin, Commissioner

_____, 2013
Date

NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST

David E. Zimmer

_____, 2013
Date

APPENDIX A
ENGINEERING SERVICES – SCOPE OF WORK

INTRODUCTION:

The Department of Treasury (“Department”) on behalf of the New Jersey Environmental Infrastructure Trust (NJEIT) is seeking quotes pursuant to the Program and Process Management Auditing, Financial Auditing and Grant Management, and Integrity Monitoring/Anti-Fraud services for Disaster Recovery Assistance procurements (RFP/RFQ) from the prequalified contractors in Pool 3 - Integrity Monitoring/Anti-Fraud. (“Contractors”).

This request for quote is seeking to engage the services of an Integrity Oversight Monitor with environmental engineering capabilities to serve as the EIT’s technical oversight Contractor.

I. TITLE:

Integrity Monitor Assistance - Engineering and Technical Support in the Issuance and Administration of Bridge Loans to FEMA Sub-grantees in the Construction of Environmental Infrastructure Projects to Repair and improve Resiliency of Facilities Adversely Impacted During Superstorm Sandy.

II. PERIOD OF PERFORMANCE: Effective date through November 8, 2016 with potentially two one (1) year extensions.

III. BACKGROUND:

On October 29, 2012, President Obama signed the New Jersey Emergency Declaration in response to the damage caused by Hurricane Sandy. The President's action authorizes the Federal Emergency Management Agency (FEMA) to coordinate all disaster relief efforts which have the purpose of alleviating the hardship and suffering caused by the emergency on the local population, and to provide appropriate assistance for required emergency measures, authorized under Title V of the Stafford Act, to save lives and to protect property and public health and safety, and to lessen or avert the threat of a catastrophe in all counties in the State of New Jersey. FEMA is authorized to identify, mobilize, and provide at its discretion, equipment and resources necessary to alleviate the impacts of the emergency. Emergency protective measures, limited to direct federal assistance, will be provided at 90 percent federal funding. The remaining 10 percent match also known as the “local share” must come from a non-federal source.

New Jersey’s critical environmental infrastructure, specifically wastewater treatment, drinking water, and stormwater facilities, was heavily damaged during Superstorm Sandy. The numerous repair and improvement projects have and will continue to significantly strain local government resources as they engage contractors for these essential projects and await FEMA reimbursement. The New Jersey Environmental Infrastructure Trust’s (NJEIT) bridge loan financing program is available to local government units eligible for FEMA public assistance to meet short-term cash flow needs. Experienced technical engineering assistance in the review of documentation for construction design, construction management, and the disbursement of funds for rehabilitation of wastewater and drinking water facilities together with related force mains, system interconnections and other subsurface infrastructure, is critical to ensuring public funds are expended responsibly.

Overview of Engineering and Technical Support for the NJEIT

The objective of the requested work is to provide dedicated technical and engineering oversight monitoring assistance to the NJEIT in three key areas in order to expedite the processing and review of projects and to prevent, detect, and remediate waste, fraud, and abuse so that only eligible projects proceed to construction, based on costs pre-determined to be eligible, so as to ensure that any funds released by FEMA for the project are in compliance with all FEMA federal and State requirements and any potential for FEMA de-obligation is minimized by ensuring full compliance with all regulations. The Contractor shall provide third-party technical and engineering oversight in the areas of environmental, engineering, and requisition reviews based on professional engineering standards as well as NJEIT checklists and standards. These are functions normally performed by the NJDEP's Municipal Finance and Construction Element for the NJEIT's Financing Program. The Contractor will comply with the Performance Surveillance Plan attached to this Scope of Work. The Contractor must ensure that the reviews are designed and applied to eliminate any potential for waste, fraud, and abuse.

Projects will be assigned by the NJEIT to the Contractor and the necessary reviews shall be completed in a short timeframe to meet project and funding deadlines. Due to the need to ensure thorough engineering review is conducted efficiently, the Contractor staff shall report to Trenton, NJ at the New Jersey Department of Environmental Protection (NJDEP) offices in order to have on-site access to necessary project documents and files. Feedback shall be sought from the NJEIT/NJDEP so that the technical and engineering assistance provided through the reviews ensure integrity of the project and the responsible disbursement of public funds while also recognizing the need to restore and protect the State's critical environmental infrastructure.

IV. STATEMENT OF WORK (SOW) REQUIREMENTS:

Task 1: Technical and Engineering Support Kick-off Meeting.

Within 10 days of work assignment approval and receipt of a task order, the Contractor shall hold a kick-off meeting with NJEIT to discuss tasks and deliverables required under this Work Assignment.

Deliverables for Task 1: The Contractor shall provide a written summary of the meeting to the NJEIT and OEM within ten (10) calendar days of the kick-off meeting.

Task 2: Environmental Oversight and Review Assistance.

The Contractor shall provide oversight and technical and engineering support to the NJEIT by assessing environmental and permitting compliance. An environmental review shall consist of reviewing a FEMA produced record of environmental consideration report (Attachment A) and identification of the required permits (Attachment B). The Contractor shall resolve any issues pertaining to the completion of the review but should an issue or item arise as a result of the environmental review that requires State approval then the Contractor shall notify the NJEIT immediately in order to seek approval. During all contact with individuals outside of NJEIT, Contractor staff shall identify themselves as a contractor with NJEIT.

For estimating purposes, it is expected that the Contractor will provide an average of 40 hours of technical and engineering review assistance per environmental review for approximately 18 projects.

Included in the 40 hour allotment are any administrative compliance reviews required precedent to the commencement of tasks 2 and 3.

Deliverables for Task 2: A completed environmental review summary shall constitute the deliverable for this task. The completed environmental review summary must identify any permits that may be required, as well as whether or not the required permits have already been acquired for the project. If permits have not been acquired the Contractor must work with both the project representative as well as NJDEP/NJEIT to ensure that all permits have been acquired as a prerequisite to project certification. The completed environmental review summary and supporting documentation shall be provided within five (5) calendar days after review completion. Additionally, completion of an environmental review for a project shall be documented in the weekly project progress tracking report required under Task 5 of this work assignment. In order to achieve approximately 18 environmental reviews in the twelve-week timeframe the Contractor shall endeavor to meet the following milestones:

Weeks after Work Assignment Approval	Number of Completed Environmental Reviews
4	6
8	12
12	18

Task 3: Engineering Oversight and Monitoring.

The Contractor shall provide technical and engineering support to the NJEIT by conducting engineering reviews of projects funded through the Statewide Assistance Infrastructure Loan Program (SAIL), a program designed to aid local government units meet cash flow needs during project construction for periods up to 47 months in anticipation of FEMA. The technical review will be in compliance with NJEIT standards, using a checklist provided by NJEIT. Attachment C is included with this Work Assignment to provide a sample checklist that shall be completed. These projects shall be assigned to the Contractor by NJEIT on a rolling basis. The purpose of the assistance shall be to provide a professional assessment of project contract documents using the NJEIT engineering review checklist and process. The Contractor must have knowledge of the New Jersey Environmental Financing Program (NJEIFP), the Stafford Act and all applicable FEMA regulations as provided in Title 44 of the Code of Federal Regulations (CFR) and FEMA policies that govern the Public Assistance and/or Hazard Mitigation programs and shall adhere to the application of the Stafford Act and those applicable regulations and policies as a condition for the acceptance of and expenditure of said FEMA funding. The Contractor shall resolve any issues pertaining to the completion of the checklist or process but should an issue or item arise as a result of the engineering review that requires State approval then the Contractor shall notify NJEIT immediately in order to seek NJEIT approval. During all contact with individuals outside of NJEIT, Contractor staff shall identify themselves as a contractor with NJEIT.

For estimating purposes, it is expected that the Contractor shall provide an average of 40 hours of technical and engineering review assistance per project. The engineering reviews shall be completed in a short timeframe of two (2) weeks from the date of assignment or the date of receipt of full design plans and specifications. Due to the need of expedited engineering reviews, the Contractor shall endeavor to provide Contractor staff in Trenton, NJ at the NJDEP offices in order to have on-site access to necessary project documents and files.

Deliverables for Task 3: A completed NJEIT engineering review checklist and supporting documentation for each Contractor-reviewed project shall constitute the deliverable for this task. The

completed engineering review checklist and supporting documentation shall be provided within five (5) calendar days after review completion. Additionally, completion of an engineering review for a project shall be documented in the weekly project progress tracking report required under Task 5 of this work assignment. In order to achieve approximately 18 engineering reviews in the twelve-week timeframe the Contractor shall endeavor to meet the following milestones:

Weeks after Work Assignment Approval	Number of Completed Engineering Reviews
4	6
8	12
12	18

Task 4: Request for Reimbursement (Requisition) Review and On-Site Inspection Assistance.

The Contractor shall provide technical and engineering support to the NJEIT by conducting multiple requisition reviews for all projects submitting a request for reimbursement (Attachment D). The purpose of the requisition review is to ensure that all amounts being requested by a Project Sponsor are eligible and properly justified as well as in line with the approved project scope. The Contractor will be required to regularly perform location based “on-site” inspections (Attachment E) every 30 days in order to verify that ongoing work is compliant with approved design and specifications and that any potential waste, fraud, and abuse is eliminated

For estimating purposes, it is expected that construction for the average project will take 18 months to complete requiring the Contractor to commit a total of approximately 6,000 hours for requisition review/approval and on-site inspections.

Deliverables for Task 4:

A completed approved or denied requisition package and supporting documentation including an inspection report and a monthly site inspection report for each Contractor-reviewed project shall constitute the deliverables for this task. A completed approved or denied requisition package and supporting documentation shall be provided within five (5) calendar days after receipt of each request for reimbursement. Additionally, all requisition approvals/denials shall be documented in the weekly project progress tracking report required under Task 5 of this work assignment. Any denials as a result of alleged waste, fraud or abuse must be reported to the EIT immediately.

Task 5: Project Progress Reports.

Due to the short timeframe to complete the necessary reviews, the Contractor shall conduct bi-weekly (every two weeks) meetings with NJEIT and OEM to ensure that any problems related to Tasks 2, 3, and 4 are quickly identified, discussed, and corrected with a minimum of delay and to minimize potential misunderstandings. The bi-weekly meetings shall range from thirty (30) minutes to one hour in length, and shall typically be held on Thursday unless scheduling conflicts occur at which point the meeting shall be rescheduled to another day in the same week that is convenient for the NJEIT and the Contractor and possibly OEM. The Contractor shall also provide a simple progress tracking sheet that lists the assigned projects, types of reviews complete (environmental, engineering, requisition), the start and end dates of the reviews, and the number of hours spent per review. These reports shall be in addition to the monthly progress report required by the Contract.

Deliverables for Task 5: Bi-weekly project progress tracking sheets are due on the Monday following the meeting.

Task 6: Other.

At the option of the NJEIT, the contractor may also be engaged to provide integrity monitoring services in relation to Federal Emergency Management Agency (FEMA) grants management, including maintaining the necessary documentation for compliance with program requirements and monitoring procurement and vendor invoice accuracy and associated controls.

Deliverables for Task 6: TBD.

V. ESTIMATED LEVEL OF EFFORT (LOE): 7,440 hours

VI. PROPOSAL CONTENT:

Within six (6) business days (x/xx/xx) from receipt of this Request for Quote, contractors will provide a detailed proposal with a detailed budget to perform the SOW in this engagement to:

Dave Ridolfino, Associate Deputy State Treasurer
Department of the Treasury
Office of the State Treasurer
PO Box 002
Trenton, NJ 08625

An electronic copy of the detailed proposal with a detailed budget must be submitted to David.Ridolfino@treas.state.nj.us by 5pm(Date)

Questions must be submitted to David.Ridolfino@treas.state.nj.us by 5pm,....(Date)

If the Contractor declines to bid because of a conflict of interest, scheduling, or any other reason, it must provide notice to the Department of Treasury within three (3) business days of the receipt of the Request for Quote.

The Contractor's proposal must contain the following elements:

- A. Contract schedule identifying performance milestones and associated deliverables;
- B. Person-hour and/or labor category mix, including a chart that shows the person-hours proposed, reflects the tasks, sub-tasks or other work elements required and identifies the labor category by person hours. The person hours must be those bid or lower;
- C. Detailed list of engagements or task orders in which the firm is currently providing services for any type of disaster recovery, including those of sub-contractors proposed for this engagement;
- D. Detailed budget with person-hours and estimated travel and direct costs for the duration of the engagement;

- E. Identification of any sub-contractors to be utilized for this engagement which must be consistent with those identified in the original proposal/bid;
- F. Resumes of employees of the bidder and any sub-contractor proposed for this engagement; and
- G. Summary of experience of the primary and sub-contractor for engagements of similar scope and size.

VII. OTHER REQUIREMENTS:

All travel (other than local travel) shall be approved in advance and shall be in accordance with the contract.

VIII. LIQUIDATED DAMAGES:

To the extent that actions of the Contractor result in failure to meet performance standards, the State may suffer damages that could be difficult or impossible to quantify. Given the significance of the rehabilitation of the State's critical environmental infrastructure, the necessity that all resources dedicated to the recovery from Super Storm Sandy be applied in an efficient manner, and the need to take all necessary precautions to prevent, detect, and remediate waste, fraud, and abuse, the State and the Contractor agree to the specified liquidated damage amounts for late delivery of the following deliverables.

The methodology utilized to calculate liquidated damages pertaining to the delays in completion of activities associated with technical approval are based on the assumption that such delays will directly result in a delay of project approval and thus delay in project construction. Such delays in construction are anticipated to result in economic impact to Project Sponsors in having critical infrastructure out of service. The methodology utilized to calculate liquidated damages for approval of requisitions was based on an assessment of potential charges to Project Sponsors in the delay of disbursing construction funds.

Task	Deliverable	Liquidated Damages
Task 1.	Kick-Off Meeting Summary	\$300 per day for each calendar day beyond ten (10) calendar days after the kick-off meeting to complete and distribute a written summary of the kick-off meeting
Task 2	Environmental Review Summaries	\$2,000 per day for each additional calendar day beyond fourteen days from assignment required to complete six (6) summaries.
Task 3	Engineering Review Checklists	\$2,000 per day for each additional calendar day beyond fourteen (14) days from assignment required to complete six (6) checklists.
Task 4	Completion of Requisition Package Review	\$2,000 per day for each additional day beyond five (5) days to complete the review of each requisition package
Task 5	Progress Tracking Sheet	\$300 per day for each calendar day beyond five (5)calendar days after a Bi-weekly Meeting to complete and distribute a Tracking Sheet

PERFORMANCE SURVEILLANCE PLAN

Performance Requirement	Measurable Performance Standards	Surveillance Methods	Incentives/Disincentives
<p>Management and Communications: During the life of this work assignment, the Contractor shall notify NJEIT immediately of any issues that may impact the timeliness of deliverables of the problems associated with the development of deliverables.</p>	<p>The Contractor shall maintain contact with NJEIT throughout the performance of the work assignment.</p> <p>The Contractor shall identify to NJEIT any delays with regard to deliverables not less than one week prior to the deliverable date that has been established in the work assignment or technical direction document.</p> <p>The Contractor shall identify to NJEIT any issues or concerns that have a direct impact on project schedules within three (3) days of occurrence.</p> <p>The Contractor shall provide options for NJEIT’s consideration on resolving or mitigating the impacts identified.</p>	<p>NJEIT (as necessary) will allocate the time needed to discuss and address all issues identified by the Contractor. The NJEIT will document and maintain a complete record of the issues, agreements and outcome. The NJEIT will review monthly progress reports for indicators of problems not previously mentioned. The NJEIT will also monitor the timely receipt of deliverables. For those that are late without prior notice, the NJEIT will formally document to the Contracting Officer the late delivery.</p>	<p>If the Contractor fails to implement corrective actions after NJEIT identifies and provided written documentation of performance issues, NJEIT will rate this performance category “unsatisfactory.”</p> <p>If three or more the active work assignments for the period are rated unsatisfactory, NJEIT will conduct a remedial review.</p>
<p>Cost Management and Control: The Contractor shall perform all work in an efficient and cost effective manner, applying cost control measures where practical.</p>	<p>The Contractor shall monitor, track and accurately report level of effort, labor cost, other direct cost and fee expenditures to NJEIT through monthly progress reports and approved special reporting requirements.</p> <p>The Contractor shall assign appropriately leveled and skilled personnel to all tasks. The Contractor should not exceed established work assignment ceilings and, in general, should expend dollars and hours at similar ratios. If either the expenditure of hours or dollars deviates significantly, the Contractor shall provide an explanation in its Monthly Progress Report.</p>	<p>The NJEIT will routinely meet with the Contractor’s Project Manager to discuss the work progress and contract and individual work assignment level expenditures and may include the NJDEP and NJOEM to provide additional guidance in such meetings.</p> <p>The NJEIT shall review the Contractor’s monthly progress reports and request the Work Assignment Managers to ensure that ceilings are not exceeded, that progress is being made, and that the Contractor is effectively utilizing the LOE provided under the work assignment. The NJEIT may NJDEP and NJOEM in the review of such report.</p>	<p>NJEIT will thoroughly review work assignment funding ceiling overruns to determine the Contractor’s ability to control the situation. If NJEIT determines that the Contractor failed to control cost, the Contractor will be rated “unsatisfactory” in this category.</p> <p>Multiple incidents of work assignment overrun that result in an overall cost overrun of greater than 4% of the approved total work assignment funding for the current contract period, NJEIT may determine that the cost shall be borne by the Contractor.</p>
<p>Quality of Product/Services: The Contractor shall ensure documents developed under this task order are quality products that are factual and based on sound science and engineering principles.</p>	<p>Products delivered under this work assignment must not contain any major factual errors. The analyses provided in each product shall be logical, consistent, and defensible.</p>	<p>The NJEIT will review all documents delivered under this work assignment for content accuracy.</p>	<p>If NJEIT determines that the Contractor’s analyses is factually inaccurate or if significant technical errors are found in any documents produced by the Contractor, NJEIT may determine that the cost associated with redoing the work shall be borne by the Contractor.</p>

RESOLUTION NO. 13 - 56

**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: October 17, 2013

Motion Made By: Mr. Briant

Motion Seconded By: Mr. Requa

Ayes: 6

Nays: 0

Abstentions: 1 (Mr. Barrack)

ENGINEERING SERVICES – SCOPE OF WORK

INTRODUCTION:

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Deliverables for Task 1: The Contractor shall provide a written summary of the meeting to the NJEIT and OEM within ten (10) calendar days of the kick-off meeting.

Task 2: Environmental Oversight and Review Assistance.

The Contractor shall provide oversight and technical and engineering support to the NJEIT by assessing environmental and permitting compliance. An environmental review shall consist of reviewing a FEMA produced record of environmental consideration report (Attachment A) and identification of the required permits (Attachment B). The Contractor shall resolve any issues pertaining to the completion of the review but should an issue or item arise as a result of the environmental review that requires State approval then the Contractor shall notify the NJEIT immediately in order to seek approval. During all contact with individuals outside of NJEIT, Contractor staff shall identify themselves as a contractor with NJEIT.

For estimating purposes, it is expected that the Contractor will provide an average of 40 hours of technical and engineering review assistance per environmental review for approximately 18 projects. Included in the 40 hour allotment are any administrative compliance reviews required precedent to the commencement of tasks 2 and 3.

Deliverables for Task 2: A completed environmental review summary shall constitute the deliverable for this task. The completed environmental review summary must identify any permits that may be required, as well as whether or not the required permits have already been acquired for the project. If permits have not been acquired the Contractor must work with both the project representative as well as NJDEP/NJEIT to ensure that all permits have been acquired as a prerequisite to project certification. The completed environmental review summary and supporting documentation shall be provided within five (5) calendar days after review completion. Additionally, completion of an environmental review for a project shall be documented in the weekly project progress tracking report required under Task 5 of this work assignment. In order to achieve approximately 18 environmental reviews in the twelve-week timeframe the Contractor shall endeavor to meet the following milestones:

Weeks after Work Assignment Approval	Number of Completed Environmental Reviews
4	6
8	12
12	18

Task 3: Engineering Oversight and Monitoring.

The Contractor shall provide technical and engineering support to the NJEIT by conducting engineering reviews of projects funded through the Statewide Assistance Infrastructure Loan Program (SAIL), a program designed to aid local government units meet cash flow needs during project construction for periods up to 47 months in anticipation of FEMA. The technical review will be in compliance with NJEIT standards, using a checklist provided by NJEIT. Attachment C is included with this Work Assignment to provide a sample checklist that shall be completed. These projects shall be assigned to the Contractor by NJEIT on a rolling basis. The purpose of the assistance shall be to provide a professional assessment of project contract documents using the NJEIT engineering review checklist and process. The Contractor must have knowledge of the New Jersey Environmental Financing Program (NJEIFP), the Stafford Act and all applicable FEMA regulations as provided in Title 44 of the Code of Federal Regulations (CFR) and FEMA policies that govern the Public Assistance and/or Hazard Mitigation programs and shall adhere to the application of the Stafford Act and those applicable regulations and policies as a condition for the acceptance of and expenditure of said FEMA funding. The Contractor shall resolve any issues pertaining to the completion of the checklist or process but should an issue or item arise as a result of the engineering review that requires State approval then the Contractor shall notify NJEIT immediately in order to seek NJEIT approval. During all contact with individuals outside of NJEIT, Contractor staff shall identify themselves as a contractor with NJEIT.

For estimating purposes, it is expected that the Contractor shall provide an average of 40 hours of technical and engineering review assistance per project. The engineering reviews shall be completed in a short timeframe of two (2) weeks from the date of assignment or the date of receipt of full design plans and specifications. Due to the need of expedited engineering reviews, the Contractor shall endeavor to provide Contractor staff in Trenton, NJ at the NJDEP offices in order to have on-site access to necessary project documents and files.

Deliverables for Task 3: A completed NJEIT engineering review checklist and supporting documentation for each Contractor-reviewed project shall constitute the deliverable for this task. The completed engineering review checklist and supporting documentation shall be provided within five (5) calendar days after review completion. Additionally, completion of an engineering review for a project

shall be documented in the weekly project progress tracking report required under Task 5 of this work assignment. In order to achieve approximately 18 engineering reviews in the twelve-week timeframe the Contractor shall endeavor to meet the following milestones:

Weeks after Work Assignment Approval	Number of Completed Engineering Reviews
4	6
8	12
12	18

Task 4: Request for Reimbursement (Requisition) Review and On-Site Inspection Assistance.

The Contractor shall provide technical and engineering support to the NJEIT by conducting multiple requisition reviews for all projects submitting a request for reimbursement (Attachment D). The purpose of the requisition review is to ensure that all amounts being requested by a Project Sponsor are eligible and properly justified as well as in line with the approved project scope. The Contractor will be required to regularly perform location based “on-site” inspections (Attachment E) every 30 days in order to verify that ongoing work is compliant with approved design and specifications and that any potential waste, fraud, and abuse is eliminated

For estimating purposes, it is expected that construction for the average project will take 18 months to complete requiring the Contractor to commit a total of approximately 6,000 hours for requisition review/approval and on-site inspections.

Deliverables for Task 4:

A completed approved or denied requisition package and supporting documentation including an inspection report and a monthly site inspection report for each Contractor-reviewed project shall constitute the deliverables for this task. A completed approved or denied requisition package and supporting documentation shall be provided within five (5) calendar days after receipt of each request for reimbursement. Additionally, all requisition approvals/denials shall be documented in the weekly project progress tracking report required under Task 5 of this work assignment. Any denials as a result of alleged waste, fraud or abuse must be reported to the EIT immediately.

Task 5: Project Progress Reports.

Due to the short timeframe to complete the necessary reviews, the Contractor shall conduct bi-weekly (every two weeks) meetings with NJEIT and OEM to ensure that any problems related to Tasks 2, 3, and 4 are quickly identified, discussed, and corrected with a minimum of delay and to minimize potential misunderstandings. The bi-weekly meetings shall range from thirty (30) minutes to one hour in length, and shall typically be held on Thursday unless scheduling conflicts occur at which point the meeting shall be rescheduled to another day in the same week that is convenient for the NJEIT and the Contractor and possibly OEM. The Contractor shall also provide a simple progress tracking sheet that lists the assigned projects, types of reviews complete (environmental, engineering, requisition), the start and end dates of the reviews, and the number of hours spent per review. These reports shall be in addition to the monthly progress report required by the Contract.

Deliverables for Task 5: Bi-weekly project progress tracking sheets are due on the Monday following the meeting.

Task 6: Other.

At the option of the NJEIT, the contractor may also be engaged to provide integrity monitoring services in relation to Federal Emergency Management Agency (FEMA) grants management, including maintaining the necessary documentation for compliance with program requirements and monitoring procurement and vendor invoice accuracy and associated controls.

Deliverables for Task 6: TBD.

V. ESTIMATED LEVEL OF EFFORT (LOE): 7,440 hours

VI. PROPOSAL CONTENT:

Within six (6) business days (x/xx/xx) from receipt of this Request for Quote, contractors will provide a detailed proposal with a detailed budget to perform the SOW in this engagement to:

Dave Ridolfino, Associate Deputy State Treasurer
Department of the Treasury
Office of the State Treasurer
PO Box 002
Trenton, NJ 08625

An electronic copy of the detailed proposal with a detailed budget must be submitted to David.Ridolfino@treas.state.nj.us by 5pm(Date)

Questions must be submitted to David.Ridolfino@treas.state.nj.us by 5pm,....(Date)

If the Contractor declines to bid because of a conflict of interest, scheduling, or any other reason, it must provide notice to the Department of Treasury within three (3) business days of the receipt of the Request for Quote.

The Contractor's proposal must contain the following elements:

- A. Contract schedule identifying performance milestones and associated deliverables;
- B. Person-hour and/or labor category mix, including a chart that shows the person-hours proposed, reflects the tasks, sub-tasks or other work elements required and identifies the labor category by person hours. The person hours must be those bid or lower;
- C. Detailed list of engagements or task orders in which the firm is currently providing services for any type of disaster recovery, including those of sub-contractors proposed for this engagement;
- D. Detailed budget with person-hours and estimated travel and direct costs for the duration of the engagement;
- E. Identification of any sub-contractors to be utilized for this engagement which must be consistent with those identified in the original proposal/bid;
- F. Resumes of employees of the bidder and any sub-contractor proposed for this engagement; and
- G. Summary of experience of the primary and sub-contractor for engagements of similar scope and size.

VII. OTHER REQUIREMENTS:

All travel (other than local travel) shall be approved in advance and shall be in accordance with the contract.

VIII. LIQUIDATED DAMAGES:

To the extent that actions of the Contractor result in failure to meet performance standards, the State may suffer damages that could be difficult or impossible to quantify. Given the significance of the rehabilitation of the State's critical environmental infrastructure, the necessity that all resources dedicated to the recovery from Super Storm Sandy be applied in an efficient manner, and the need to take all necessary precautions to prevent, detect, and remediate waste, fraud, and abuse, the State and the Contractor agree to the specified liquidated damage amounts for late delivery of the following deliverables.

The methodology utilized to calculate liquidated damages pertaining to the delays in completion of activities associated with technical approval are based on the assumption that such delays will directly result in a delay of project approval and thus delay in project construction. Such delays in construction are anticipated to result in economic impact to Project Sponsors in having critical infrastructure out of service. The methodology utilized to calculate liquidated damages for approval of requisitions was based on an assessment of potential charges to Project Sponsors in the delay of disbursing construction funds.

Task	Deliverable	Liquidated Damages
Task 1.	Kick-Off Meeting Summary	\$300 per day for each calendar day beyond ten (10) calendar days after the kick-off meeting to complete and distribute a written summary of the kick-off meeting
Task 2	Environmental Review Summaries	\$2,000 per day for each additional calendar day beyond fourteen days from assignment required to complete six (6) summaries.
Task 3	Engineering Review Checklists	\$2,000 per day for each additional calendar day beyond fourteen (14) days from assignment required to complete six (6) checklists.
Task 4	Completion of Requisition Package Review	\$2,000 per day for each additional day beyond five (5) days to complete the review of each requisition package
Task 5	Progress Tracking Sheet	\$300 per day for each calendar day beyond five (5)calendar days after a Bi-weekly Meeting to complete and distribute a Tracking Sheet

PERFORMANCE SURVEILLANCE PLAN

Performance Requirement	Measurable Performance Standards	Surveillance Methods	Incentives/Disincentives
<p>Management and Communications: During the life of this work assignment, the Contractor shall notify NJEIT immediately of any issues that may impact the timeliness of deliverables of the problems associated with the development of deliverables.</p>	<p>The Contractor shall maintain contact with NJEIT throughout the performance of the work assignment.</p> <p>The Contractor shall identify to NJEIT any delays with regard to deliverables not less than one week prior to the deliverable date that has been established in the work assignment or technical direction document.</p> <p>The Contractor shall identify to NJEIT any issues or concerns that have a direct impact on project schedules within three (3) days of occurrence.</p> <p>The Contractor shall provide options for NJEIT’s consideration on resolving or mitigating the impacts identified.</p>	<p>NJEIT (as necessary) will allocate the time needed to discuss and address all issues identified by the Contractor. The NJEIT will document and maintain a complete record of the issues, agreements and outcome. The NJEIT will review monthly progress reports for indicators of problems not previously mentioned. The NJEIT will also monitor the timely receipt of deliverables. For those that are late without prior notice, the NJEIT will formally document to the Contracting Officer the late delivery.</p>	<p>If the Contractor fails to implement corrective actions after NJEIT identifies and provided written documentation of performance issues, NJEIT will rate this performance category “unsatisfactory.”</p> <p>If three or more the active work assignments for the period are rated unsatisfactory, NJEIT will conduct a remedial review.</p>
<p>Cost Management and Control: The Contractor shall perform all work in an efficient and cost effective manner, applying cost control measures where practical.</p>	<p>The Contractor shall monitor, track and accurately report level of effort, labor cost, other direct cost and fee expenditures to NJEIT through monthly progress reports and approved special reporting requirements.</p> <p>The Contractor shall assign appropriately leveled and skilled personnel to all tasks. The Contractor should not exceed established work assignment ceilings and, in general, should expend dollars and hours at similar ratios. If either the expenditure of hours or dollars deviates significantly, the Contractor shall provide an explanation in its Monthly Progress Report.</p>	<p>The NJEIT will routinely meet with the Contractor’s Project Manager to discuss the work progress and contract and individual work assignment level expenditures and may include the NJDEP and NJOEM to provide additional guidance in such meetings.</p> <p>The NJEIT shall review the Contractor’s monthly progress reports and request the Work Assignment Managers to ensure that ceilings are not exceeded, that progress is being made, and that the Contractor is effectively utilizing the LOE provided under the work assignment. The NJEIT may NJDEP and NJOEM in the review of such report.</p>	<p>NJEIT will thoroughly review work assignment funding ceiling overruns to determine the Contractor’s ability to control the situation. If NJEIT determines that the Contractor failed to control cost, the Contractor will be rated “unsatisfactory” in this category.</p> <p>Multiple incidents of work assignment overrun that result in an overall cost overrun of greater than 4% of the approved total work assignment funding for the current contract period, NJEIT may determine that the cost shall be borne by the Contractor.</p>
<p>Quality of Product/Services: The Contractor shall ensure documents developed under this task order are quality products that are factual and based on sound science and engineering principles.</p>	<p>Products delivered under this work assignment must not contain any major factual errors. The analyses provided in each product shall be logical, consistent, and defensible.</p>	<p>The NJEIT will review all documents delivered under this work assignment for content accuracy.</p>	<p>If NJEIT determines that the Contractor’s analyses is factually inaccurate or if significant technical errors are found in any documents produced by the Contractor, NJEIT may determine that the cost associated with redoing the work shall be borne by the Contractor.</p>

RESOLUTION NO. 13 - 58

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: October 17, 2013

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Briant

Ayes: 7

Nays: 0

Abstentions: 0

RESOLUTION NO. 13 - 59

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST APPROVING THE TRUST'S 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: October 17, 2013

Motion Made By: Mr. Barrack

Motion Seconded By: Ms. Campbell

Ayes: 7

Nays: 0

Abstentions: 0

EXHIBIT A

AMENDED CREDITWORTHINESS POLICY

**NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST**



CREDIT POLICY

Revised – October 2013

POLICY AND PROCEDURE

NO. 1.21

SUBJECT: Credit Policy

REVISION HISTORY: Adopted: 1/10/2013 Effective: 1/29/2013
 Revised: 10/17/2013 Effective: 10/31/2013

PURPOSE: To define and clarify the credit worthiness standards required for participation in the New Jersey Environmental Infrastructure Program (“NJEIFP”)

It is my pleasure to present the New Jersey Environmental Infrastructure Trust's:

Credit Worthiness Policy of the New Jersey Environmental Infrastructure Financing Program

Since the Financing Program's first loan in 1987, the Trust has prided itself on staying true to its core mission:

- Promoting and facilitating the construction of water-related infrastructure projects throughout the State by providing low cost funding to local government units and drinking water systems; and
- Fulfilling a fiduciary responsibility to ensure that the credit profile requirements of the Financing Program maintain the highest credit standards, thereby allowing future generations to borrow at the lowest and most efficient costs available.

In its simplest terms, the Financing Program is a pool of subsidized loans dedicated to financing improvements to New Jersey's environmental infrastructure. Since the Trust's inception, more than \$6 billion in zero and low interest rate loans have been provided to local communities through a combination of federal and State funds and Trust bond proceeds, resulting in an estimated interest cost savings of over \$2.3 billion to these local communities. New Jersey's rate payers and tax payers are the direct beneficiaries of the Financing Program's multiple cost savings subsidies and administrative benefits.

Central to the Financing Program's continued success is the dedication of infrastructure project funding in perpetuity. As Program Borrowers repay the State component of their total Program loan, these funds are re-lent to finance new projects through a revolving mechanism to next year's Program Borrowers - hence, the SRF (or State Revolving Fund) moniker.

In the event that a Borrower defaults on its repayment obligation, any subsequent loss is absorbed by the Financing Program by reducing the total amount of revolving SRF loan funds available for future generations of Borrowers, thereby illustrating why the Financing Program has always maintained a credit worthiness requirement as a precondition to qualification by a Borrower for a loan. As such, the Financing Program is not now, nor ever was, a lender of last resort, and this Credit Policy is the mechanism that protects the Financing Program as a sustainable source of environmental infrastructure funding for future generations of Borrowers.

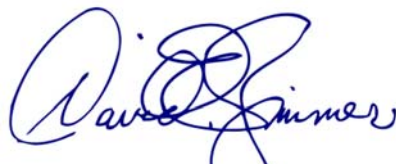
As you read through this Credit Policy, you will note that the Trust has addressed the Financing Program's requirement of credit worthiness through the analysis of risk that each Applicant presents. This risk analysis considers the probability that a Borrower will

not fulfill its annual debt service repayment obligation on either its Trust loan or its State Fund loan (collectively, the Program Loan(s)) on time and in full, as well as how each Program Loan is secured to minimize any corresponding loss. This Credit Policy builds upon the previous policy by clearly articulating the Financing Program's credit requirements in order to address more effectively the complex range of projects and Applicants to which the Financing Program has been subject in recent years.

To apply this Credit Policy in a manner that is practical, transparent and fair to each Financing Program Applicant, the Credit Policy considers (i) each Applicant's ability to repay its Program Loan as demonstrated (in almost all cases) by an independent, investment grade credit rating from either Fitch Ratings, Moody's Investors Service or Standard & Poor's, and (ii) the type of collateral that each Applicant will pledge as security for its Program Loan, defined by either (a) a General Obligation (G.O.) Bond that constitutes the full faith and credit secured by a pledge of the *ad valorem* taxing authority of the underlying county or municipalities being served by the project or (b) a Revenue Bond, that is an obligation secured by a pledge of the revenues generated by the underlying project. Accordingly, this Credit Policy segregates Financing Program Applicants by Borrower-type (Municipality, Authority, Private Water System) and collateral-type (G.O. Bond, Revenue Bond). In recognizing the value of an investment grade G.O. pledge, and in order to ensure that all future, qualified Applicants receive fair access to the Financing Program's subsidized zero and low interest loans (*a benefit that has saved the average Borrower more than 25% of their total Program Loans principal amount in interest costs savings*), this Credit Policy requires more collateral from certain, higher-risk Applicants - namely lower or non-rated Revenue Bond Applicants. In this way, the Financing Program is less prone to future default risks.

If you have any questions regarding this Credit Policy, please do not hesitate to contact either the Trust or our legal or financial advisor. We look forward to providing you the top-rated and efficient service that has always been the hallmark of our Financing Program.

Respectfully,



David E. Zimmer, CFA
Executive Director

TABLE OF CONTENTS

I. STATUTORY AUTHORITY	1
II. OBJECTIVE	1
III. RECENT HISTORY	2
IV. RISK PARAMETERS	3
V. DEFINITIONS	4
VI. NJEIFP LOAN APPLICANTS	13
1. GENERAL APPLICABILITY PROVISIONS	13
2. CREDIT ELIGIBILITY REQUIREMENTS	17
A. PLEDGED G.O.	17
a) Municipality/County	17
i. Investment Grade Rated	17
ii. Non-Investment Grade Rated	17
iii. Non-Rated	17
b) Authority	18
i. Investment Grade Rated	18
ii. Non-Investment Grade Rated	18
iii. Non-Rated	18
c) Redevelopment Project	19
i. Investment Grade Rated LGU Sponsor	19
ii. Non-Investment Grade Rated LGU Sponsor	19
iii. Non-Rated LGU Sponsor	20
B. REVENUE BOND	20
a) Authority	20
i. Investment Grade Rated	20
ii. Non-Investment Grade Rated	20

iii. Non-Rated.....	21
b) Privately Owned Water System.....	21
i. Investment Grade Rated.....	21
ii. Non-Investment Grade Rated.....	22
iii. Non-Rated.....	22
C. <i>De-minimis</i> Loan Applicant	22
i. Investment Grade Rated.....	22
ii. Non-Investment Grade Rated.....	22
iii. Non-Rated.....	23

New Jersey Environmental Infrastructure Financing Program
Credit Policy Statement

Revised October 17, 2013

I. STATUTORY AUTHORITY

The New Jersey Environmental Infrastructure Trust (“NJEIT” or the “Trust”) is the State Authority charged with making low interest loans to New Jersey Local Government Units, nonprofit entities and private entities authorized to construct, operate, maintain and implement wastewater treatment systems and/or water supply systems, in order to finance all or a portion of the costs of certain Environmental Infrastructure Projects. The Trust was established in 1985 pursuant to N.J.S.A. 58:11B-1 et seq., as amended from time to time, (the “Trust Act”) to finance wastewater treatment system projects. The Trust Act was amended in 1997 in order to expand the statutory authority of the Trust to finance water supply system projects. In order to fulfill its statutory mandate pursuant to the Trust Act to finance wastewater treatment system projects and water supply system projects, the Trust oversees the New Jersey Environmental Infrastructure Financing Program (“NJEIFP” or “Financing Program”) and is responsible for ensuring that the Financing Program is administered efficiently and fairly to all *qualified* Applicants in a fiscally responsible manner that safeguards the Financing Program’s future ability to make environmental infrastructure loans in the most cost-efficient manner. ¹

II. OBJECTIVE

The Financing Program has always maintained minimum credit worthiness standards, compliance with which is a pre-condition to an Applicant’s qualification to participate in the Financing Program. These credit worthiness standards help to ensure that the Financing Program maintains its AAA/AAA/Aaa Credit Rating from each of the three Nationally Recognized Rating Agencies and, as a result, the Financing Program is able to issue its bonds at the lowest absolute rate for the benefit of all current and future Borrowers. Currently, the Financing Program

¹ Note: Capitalized terms used herein shall have the meaning ascribed to such terms in Article V hereof, unless otherwise noted.

utilizes the credit worthiness standards set forth in the Trust's Credit Policy dated January 2013 (the "Current Policy"), which was adopted by the Trust's Board in recognition of the increasing number of non-traditional Borrowers and Environmental Infrastructure Projects applying for participation in the Financing Program. Prior to this, the State's Credit Policy for each Fund Loan, as articulated most recently in the two page letter from former State Treasurer Peter Lawrance to then Executive Director of the Trust, Dirk Hoffman, on October 29th, 2001, had been relied upon (*See Attachment 1*).

While recognizing that one of the hallmarks of the Financing Program has always been equal and shared access for all qualified Applicants to the Trust's AAA/AAA/Aaa Credit Rating for its bonds and the corresponding lower financing costs offered by the Financing Program, the Financing Program was neither created nor intended to perform as the lender of last resort for every potential Applicant and Environmental Infrastructure Project in the State. Consequently, the purpose of this Credit Policy is to further define the financial conditions and requirements that must be satisfied by each Applicant so that all lending decisions and actions of the Trust continue to be consistent, transparent and, ultimately, fiscally prudent.

III. RECENT HISTORY

The Financing Program has been subject to a number of policy revisions and product innovations since its inception more than 25 years ago. These changes include: the introduction of a water supply system or drinking water ("DW") component (1998), the introduction of the Master Program Trust Account ("MPTA") which serves as a Trust Loan coverage or reserve fund that is capitalized with Fund Loan repayments owed to the State and that acts as additional collateral support for NJEIT's outstanding bonds (1995), the most recent clarification and revision of the State's credit policy (2001), the introduction of the Emergency Loan Program (2011), the Direct Loan Program (2001), the Nano Infrastructure Loan Program for small water systems (2012), the Supplemental Financing Program (2012) and the Current Policy (2013).

Over 90% of the loans made by the Financing Program to date are secured either by (i) a general obligation ("G.O.") bond issued by a taxing entity (a Municipality or county) and secured by a pledge of its full faith and credit or (ii) a Revenue Bond issued by an Authority and ultimately secured by a G.O. pledge of the full faith and credit of the municipal Participants served by that Authority. The Authority pledges to the Financing Program, through its indenture or bond

resolution, all payments payable to the Authority by the Participants pursuant to the Service Agreement. When applicable, these G.O. pledges obligate the Municipalities and/or counties to raise *ad valorem* taxes “without limitation as to rate or amount” in order to either (i) satisfy their debt service obligation to the Trust and the State or (ii) satisfy any payment obligations pursuant to the Service Agreement in order for the Authority to repay its debt service obligations to the Trust and the State.

The remainder of the loans made by the Financing Program (i.e., less than 10%) and that remain outstanding are secured by a Revenue Bond. Revenue Bonds are not secured by a G.O. pledge of one or more Municipalities. As such, these Revenue Bonds may pose greater repayment default AND loss risk to the Financing Program. The fact that such Revenue Bonds continue to grow each year as part of the Financing Program’s overall portfolio exposure speaks to the changing nature of the Financing Program and the recognition from non-traditional parties of the cost of capital advantages that the Financing Program offers relative to market-based lending alternatives. While the NJEIT’s publicly held bonds have never suffered a payment default, it is critical to establish policies today that safeguard the Financing Program against the risk of default in the future. It is precisely the greater risks posed by non-traditional, non-municipal and non-G.O. Service Agreement Authority Borrowers that this Credit Policy seeks to address.

IV. RISK PARAMETERS

This Credit Policy segregates default risk by Borrower-type and by credit pledge-type. In the event of a potential bankruptcy, the 90% of Financing Program Borrowers which are Municipalities, counties or local Authorities must make application to, and obtain the approval of, the Local Finance Board within the Department of Community Affairs (“DCA”) before they are legally able to commence bankruptcy proceedings. Given (i) the G.O. pledge that secures the Trust Loan and Fund Loan, and (ii) the additional legal hurdle and corresponding oversight from the State associated with bankruptcy proceedings, these entities have a greater hurdle, and therefore, a lower likelihood of experiencing default than their non-G.O. counterparts. In addition, the strength of a Borrower’s security for their respective loans has a limiting effect on both their probability of default as well as the magnitude of any principal or interest repayment loss should that Borrower default on its repayment obligation to the Financing Program. As such, any Borrower that can be compelled to raise, or compel a Participant to raise, *ad*

valorem taxes through their pledge of either a direct or indirect G.O. will be less likely to default and, in the unlikely Event of Default, will be less likely to cause a loss on their repayment obligations to the Financing Program. With this in mind, the Credit Policy divides Financing Program Borrowers into the following categories:

1. G.O. Pledge:
 - a. Municipality/County
 - b. Authority
 - c. Redevelopment Project sponsored by an LGU
2. Revenue Pledge:
 - a. Authority
 - b. Corporate/Private
3. Small Drinking Water Systems

(See Section VI for further discussion of risk categories and corresponding criteria.)

V. DEFINITIONS

“Aggregate Annual Debt Service” means, with respect to any given Applicant, the total of the annual debt service payments for both direct and indirect (i.e., as a result of such Applicant’s participation in an Authority) obligations of the Applicant to the NJEIFP due and payable each State Fiscal Year to either the Trust with respect to all outstanding Trust Loans when aggregated, or the State with respect to all outstanding Fund Loans when aggregated.

“Applicant” means an entity having submitted, pursuant to the Trust Act and applicable regulations, a Letter of Intent or an application for the financing of an Environmental Infrastructure Project through the Financing Program.

“Authority” means a State authority, a municipal, county or regional sewerage or utility authority, a municipal sewerage district, an improvement authority, or any other political subdivision of the State, *other than* a Municipality or county, that is authorized to construct, operate and maintain a wastewater treatment system or a public water supply system, or to construct, rehabilitate, operate or maintain water supply facilities or otherwise provide water for human consumption.

“Borrower” means any entity that has any Financing Program loans outstanding with either the State and/or the Trust.

“Credit Eligibility Requirements” means those standards set forth in Section VI:2 below pursuant to an Applicant’s borrower-type and security pledge.

“Credit Rating” means an assessment by one or more of the three Nationally Recognized Rating Agencies of the credit worthiness (i) of an Applicant and the Applicant’s ability to repay principle and interest on its bonds, or (ii) of a Nationally Chartered Bank or a State Chartered Bank and its ability to satisfy its liabilities.

“De-minimis Loan Applicant” means an Applicant with respect to which the *Pro-forma* Aggregate Annual Debt Service owed separately to either the Trust or the State, as the case may be, is less than \$100,000 for Borrowers providing a pledged G.O. and less than \$50,000 for Revenue Bond Borrowers.

“Direct Loan Closing” means the date on which a Borrower delivers to the Trust and State, and the Trust and State accepts from such Borrower, a note or other obligation evidencing a Trust Loan and Fund Loan to such Borrower pursuant to the direct loan program of the Trust, established pursuant to N.J.S.A. 58:11B-9 and one or more resolutions of the Trust.

“Escrow Closing” means the date on which the Trust, the State, a Borrower and an escrow agent appointed by the Trust each enter into an escrow agreement, pursuant to which (i) the Trust and the State each commit to make a loan to the Borrower with respect to a particular Environmental Infrastructure Project; (ii) the Borrower commits to accept a loan from each of the Trust and the State with respect to such Environmental Infrastructure Project; and (iii) the Trust Loan Agreement, the Fund Loan Agreement, the Trust Loan Bond and the Fund Loan Bond, together with certain other documents and legal opinions, are deposited into escrow, to be released by the escrow agent upon the issuance by the Trust of its bonds.

“Environmental Infrastructure Project” means 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 (i) wastewater treatment system project, including any stormwater management or combined sewer overflow abatement projects, or (ii) 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.

"Event of Default" means any occurrence or event defined as an Event of Default pursuant to a Trust Loan Agreement or a Fund Loan Agreement.

"Financial Due Diligence Meeting" means a meeting convened by the Trust to discuss elements of an Applicant's financial health, including, without limitation, the sources of funding for an Applicant's Environmental Infrastructure Project, the current Credit Rating, the potential impact of such an Environmental Infrastructure Project on the Applicant's Credit Rating, and other matters deemed necessary or appropriate by the Trust to aid it in assessing (i) an Applicant's compliance with this Credit Policy and (ii) its financial eligibility to receive and repay a Trust Loan and Fund Loan. Financial Due Diligence Meetings shall include the following representatives:

- Representatives of the Nationally Recognized Rating Agencies that rated the Applicant's outstanding debt;
- The Applicant's chief financial officer, highest elected official, and business administrator;
- One or more representatives of the developer of the Environmental Infrastructure Project, if applicable, possessing knowledge and authority to provide detailed information regarding the Environmental Infrastructure Project and its regulatory and financial details;
- A representative of each of the non-NJEIT entities, including other State Agencies, if any, providing funding for any aspect of the Environmental Infrastructure Project;
- A representative of each entity that may provide a guarantee for the financing of the Environmental Infrastructure Project, if applicable;
- Two representatives of the NJEIT's senior management;
- A representative of any entity that may serve as signatory to a Trust Loan Agreement or Fund Loan Agreement, or another form of contractual obligation in connection with the financing of the Environmental Infrastructure Project; and
- Such other individuals deemed necessary or appropriate by the NJEIT to aid in conducting financial due diligence including, without limitation, representatives from the New Jersey Department of Community Affairs and/or the New Jersey Board of Public Utilities.

“Financing Program” or “NJEIFP” means the program implemented by the NJDEP and the NJEIT in partnership to provide loans to Borrowers for Environmental Infrastructure Projects pursuant to N.J.S.A. 58:11B-1 et seq., the Federal Clean Water Act and the Federal Drinking Water Act.

“Financing Program Principals” means the NJEIT and the State, collectively, as parties to the Financing Program.

“Finding of Unacceptable Credit Risk” means a written finding by the Trust (i) that the Applicant fails to meet the Credit Eligibility Requirements, (ii) that one or more Material Events has occurred within the immediately preceding sixty (60) months, or (iii) that the Trust otherwise identifies credit, liquidity or operational risks deemed by the Trust to constitute unacceptable risks to the Financing Program.

“Fund Loan” means a loan provided by the State, acting by and through the NJDEP, to a Borrower for the financing as part of the Financing Program of all or a portion of an Environmental Infrastructure Project pursuant to the Federal Clean Water Act or the Federal Drinking Water Act.

“Fund Loan Agreement” means an agreement, by and between the State, acting by and through the NJDEP, and a Borrower, pursuant to which the State extends a Fund Loan to a Borrower in connection with the financing of all or a portion of an Environmental Infrastructure Project, and the Borrower agrees to certain terms and conditions, including, without limitation, the construction of the Environmental Infrastructure Project and the repayment of the Fund Loan.

“Fund Loan Bond” means a senior lien bond issued by a Borrower to the State, acting by and through the NJDEP, in order to evidence and secure the Fund Loan repayment obligations of such Borrower to the State, all in connection with the financing of all or a portion of an Environmental Infrastructure Project. The State may, in its discretion, accept a Junior Lien Bond, subject to certain covenant obligations, in lieu of a senior lien bond.

“Interim Financing Closing” means the date on which a Borrower delivers to the Trust, and the Trust accepts from such Borrower, a note or other obligation evidencing a short-term or temporary loan made by the Trust to such Borrower

pursuant to the interim financing program of the Trust, established pursuant to N.J.S.A. 58:11B-9(d) and one or more resolutions of the Trust.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant thereto.

“Investment Grade Rated” means an Applicant with at least one current rating assigned by a Nationally Recognized Rating Agency that is not less than BBB- (S&P and Fitch) or Baa3 (Moody’s), as well as no Non-Investment Grade Rated Credit Ratings from any of the Nationally Recognized Rating Agencies.

“Joint and Several Liability Service Agreement” means a Service Agreement, by and among a Special Obligation Entity and two or more Participants, pursuant to which all Participants have contractually agreed to be jointly and severally liable for the obligations of any of the Participants thereunder, including, without limitation, the obligation to pay amounts necessary to meet the debt service obligations of the Special Obligation Entity.

“Letter of Credit” or “LOC” means an irrevocable Letter of Credit issued by a Nationally Chartered Bank or a State Chartered Bank that secures the payment of the principal and/or interest on (as applicable) the Trust Loan Bond and Fund Loan Bond issued to the Trust and the State, respectively, by the Applicant that procured such LOC.

“Loan Loss Reserve Fund” or “LLR” means a fund established by the Trust, pursuant to N.J.S.A. 58:11B-1 et seq., for the deposit of the annual Risk Premium as defined herein. Risk Premium payments will be deposited by the Trust into the LLR and shall secure repayments owed only on those Financing Program loans in connection with which Risk Premium payments are required.

“Local Government Unit” or “LGU” means (i) a State Authority, county, Municipality, municipal, county or regional sewerage or utility Authority, municipal sewerage district, joint meeting, improvement Authority, or any other political subdivision of the State authorized pursuant to law to construct, operate and maintain wastewater treatment systems, or (ii) a State Authority, district water supply commission, county, Municipality, municipal, county or regional utilities Authority, municipal water district, joint meeting or any other political subdivision

of the State authorized pursuant to law to operate or maintain a public water supply system or to construct, rehabilitate, operate or maintain water supply facilities or otherwise provide water for human consumption.

“LGU Sponsor” means a Local Government Unit whose participation in a Trust Loan Agreement and/or a Fund Loan Agreement, or any other form of contractual obligation, is necessary to satisfy Financing Program requirements, including, but not limited to, compliance with this Credit Policy for the purpose of assisting a third party in securing access to funding from the Financing Program for an Environmental Infrastructure Project of mutual benefit to such Local Government Unit and such third party.

“Material Event” means, with respect to a given Applicant, the occurrence of any one or more of the following: (i) an Event of Default under an existing Trust Loan Agreement and/or Fund Loan Agreement to which the Applicant is a party; (ii) the Applicant’s receipt of notice of a criminal complaint, criminal investigation or indictment pertaining to the Applicant or any of its officers or directors; (iii) a material change in financial position demonstrating a material adverse effect upon the Applicant’s financial position within the last two fiscal years; (iv) the filing by the Applicant of a bankruptcy petition or the administration of the Applicant pursuant to the provisions of any applicable bankruptcy statute; (v) any written documentation that is produced by the NJDEP or the Trust which identifies (1) material mismanagement by the Applicant of (a) any of its environmental infrastructure facilities, or (b) the proposed Environmental Infrastructure Project to be financed through the Financing Program, in which the Applicant has been unable to cure such material mismanagement or (2) failure of such Applicant to properly satisfy its repayment obligations with respect to any outstanding Program Loans, including, without limitation, late payments or (3) failure of such Applicant to properly and promptly apply unexpended proceeds of any outstanding Program Loans; (vi) material misrepresentations by the Applicant in any Financing Program application documents; or (vii) failure by the Applicant to submit timely responses to requests for information presented to the Applicant by the Trust and/or the NJDEP.

“Municipality” means any city, borough, town, township or village situated within the boundaries of the State of New Jersey.

“Nationally Chartered Bank” means a banking institution chartered and supervised by the Office of the Comptroller of the Currency, an agency in the U.S. Treasury Department, pursuant to the National Bank Act, 12 U.S.C. Section 21 *et seq.*

“Nationally Recognized Rating Agency” means any of Fitch Ratings (“Fitch”), Standard & Poor’s (“S&P”) or Moody’s Investors Service (“Moody’s”).

“NJDEP” means the New Jersey Department of Environmental Protection.

“New Jersey Environmental Infrastructure Trust,” “Trust” or “NJEIT” means a body corporate and politic organized under the laws of the State of New Jersey pursuant to N.J.S.A. 58:11B-1 *et seq.*

“Non-Investment Grade Rated” means an entity that possesses a current Credit Rating which is less than BBB- (S&P and Fitch) or Baa3 (Moody’s) from any of the three Nationally Recognized Rating Agencies.

“Non-Joint and Several Liability Service Agreement” means a Service Agreement, by and among a Special Obligation Entity and two or more Participants, pursuant to which each Participant has contractually agreed to be liable for a portion of the obligations specified thereunder, including, without limitation, the obligation to pay amounts necessary to meet the debt service obligations of the Special Obligation Entity, and the Participants are not obligated to pay amounts due and owing by any other Participants.

“Non-Rated” means an entity which does not possess a current Credit Rating from any of the three Nationally Recognized Rating Agencies.

“Participant” means one or more Municipalities and/or Authorities that have entered into a Joint and Several Liability Service Agreement with a Special Obligation Entity or a Non-Joint and Several Liability Service Agreement with a Special Obligation Entity.

“Preliminary Financial Information” means certain written information produced by an Applicant and delivered to the NJEIT pursuant to a written request submitted by the NJEIT, all in furtherance of the assessment by the NJEIT of the Applicant’s compliance with this Credit Policy.

“Privately Owned Water System” means a drinking water system required to comply with New Jersey State primary drinking water regulations for which a PWS ID number exists.

“Pro-forma Aggregate Annual Debt Service” means, with respect to any given Applicant for both direct and indirect obligations to the NJEIFP, the sum of (i) the Aggregate Annual Debt Service and (ii) the additional annual debt service payments due and payable each State Fiscal Year with respect to the Trust Loan and Fund Loan for which the Applicant is then applying to the Financing Program.

“Qualified Bonds” means any bond issued by a Municipality pursuant to the provisions of the Qualified Bond Act, N.J.S.A. 40A:3-1 et seq.

“Qualified Bond Debt Service Coverage Ratio” means the annual debt service to be paid by a municipality each fiscal year on any of its outstanding Qualified Bonds divided by the annual funds available for these payments pursuant to the Qualified Bond Act.

“Ratings” means:

Investment Grade Rating of the three major rating agencies				NJEIT Rank
	Moody's	Standard & Poor's	Fitch	
Best Quality	Aaa	AAA	AAA	12
High Quality	Aa1	AA+	AA+	11
	Aa2	AA	AA	10
	Aa3	AA-	AA-	9
Upper Medium Grade	A1	A+	A+	8
	A2	A	A	7
	A3	A-	A-	6
Medium Grade	Baa1	BBB+	BBB+	5
	Baa2	BBB	BBB	4
	Baa3	BBB-	BBB-	3

Non-Investment Grade	Ba1	BB+	BB+	2
	Ba2	BB	BB	1
	Below Ba2	Below BB	Below BB	0

“Revenue Bond” means a bond supported by the revenue from a specifically sponsored project.

“Risk Premium” means an annual premium imposed by the NJEIT and the NJDEP in an amount equal to 1% of the outstanding aggregate principal amount of the Trust Loan and the Fund Loan, provided, however, such amount shall be subject to the limitations imposed by the Internal Revenue Code as such limitations shall be interpreted and applied by the NJEIT following consultation with counsel.

“Service Agreement” means an agreement wherein a Special Obligation Entity agrees to provide wastewater treatment service or drinking water to one or more Participants in exchange for monetary compensation.

“Special Obligation Entity” means an Authority, a nonprofit entity, a private entity, or any other Applicant or Borrower with respect to which the obligation to repay the Trust Loan and the Fund Loan is not secured by the irrevocable pledge of such Applicant or Borrower to exercise its unlimited taxing powers for the timely payment thereof.

“State” means the State of New Jersey.

“State Chartered Bank” means a banking institution chartered and supervised by the New Jersey Department of Banking and Insurance pursuant to the laws of the State, including, without limitation, N.J.S.A. 17:9A-1 *et seq.*

“State Fiscal Year” or “SFY” means the period of time beginning on the first day of July of each calendar year and ending on the thirtieth of June of the next succeeding calendar year, such period of time being established as the fiscal year of the State pursuant to N.J.S.A. 52:5-1. Each State Fiscal Year shall be designated by the calendar year in which such State Fiscal Year concludes.

“Trust Loan” means a loan made by the NJEIT to a Borrower for the financing as part of the Financing Program of all or a portion of an Environmental Infrastructure Project pursuant to N.J.S.A. 59:11B-1 et seq.

“Trust Loan Agreement” means an agreement, by and between the Trust and a Borrower, pursuant to which the Trust extends a Trust Loan to a Borrower in connection with the financing of all or a portion of an Environmental Infrastructure Project, and the Borrower agrees to certain terms and conditions, including, without limitation, the construction of the Environmental Infrastructure Project and the repayment of the Trust Loan.

“Trust Loan Bond” means a senior lien bond issued by a Borrower to the NJEIT in order to evidence and secure the Trust Loan repayment obligations of such Borrower to the NJEIT, all in connection with the financing of all or a portion of an Environmental Infrastructure Project pursuant to N.J.S.A. 59:11B-1 et seq. The Trust may, in its discretion, accept a Junior Lien Bond, subject to certain covenant obligations in lieu of a senior lien bond.

VI. NJEIFP LOAN APPLICANTS

1. GENERAL APPLICABILITY PROVISIONS

Introduction Applicants must meet the Credit Eligibility Requirements of this Credit Policy as set forth in Section VI:2 below in order to evidence and secure an NJEIFP Trust Loan and Fund Loan repayment obligation through the issuance of privately negotiated bonds to the Financing Program Principals. In assessing compliance by an Applicant with the Credit Eligibility Requirements, the Trust will consider credit, liquidity, and operational risk as well as any other factors deemed necessary and appropriate by the Trust to (i) evaluate the risk of repayment default and (ii) in order to determine that there are no existing Material Events.

Credit Ratings For the purposes of this Credit Policy, Applicant Credit Ratings may be either a public rating or a shadow rating. All public ratings must be currently under surveillance by the Nationally Recognized Rating Agency that issued such public rating. The Trust may require an Applicant to have a rating re-affirmed if a Material Event has occurred since the last review by the Rating Agency. Any Applicant relying on a shadow rating must have received such rating from a

Nationally Recognized Rating Agency within twelve months prior to the Trust's determination of the Applicant's compliance with the Financing Program Credit Eligibility Requirements. Separately, , the unenhanced rating (i.e., giving no consideration to enhancement from, among other sources, the State's "Chapter 72 School Bond Reserve Program") of a contiguous school district may be cited and relied upon by a Municipality(s) not possessing a Credit Rating and which is providing either a direct or indirect obligation in order to evidence and secure an NJEIFP Trust Loan and Fund Loan repayment obligation. In the case of a Non-Rated Authority or Non-Rated Privately Owned Water System, a guarantee from an Investment Grade Rated corporate parent, in a form acceptable to the Trust, may be cited and relied upon.

Portfolio Limitations The Trust retains the right to reject outright any Applicant for whom the Trust Loan Bond and the Fund Loan Bond is a Revenue Bond, the aggregate principal amount of which will serve to increase the NJEIFP Revenue Bond principal exposure to an amount that exceeds 10% of the total outstanding principal amount of publicly issued Trust bonds. Further, the Trust retains the right to reject outright any *De-minimis* Loan Applicant for whom the Trust Loan Bond and the Fund Loan Bond is a Revenue Bond, the aggregate principal amount of which will serve to increase the NJEIFP exposure to *De-minimis* Loan Borrowers to an amount that exceeds 5% of the total outstanding principal amount of publicly issued Trust bonds (See Attachment 2).

Additional Information In assessing an Applicant's compliance with the Credit Eligibility Requirements of the Credit Policy, the Trust may require the Applicant to participate in a Financial Due Diligence Meeting without regard to the Applicant's Credit Rating. The Applicant shall provide Preliminary Financial Information to the Trust no later than 10 business days following receipt of such written request from the Trust.

De-minimis Loan Requirement For all *De-minimis* Loan Applicants, the Applicant shall provide to the Trust, in the case of an Applicant providing a direct or indirect G.O. pledge, evidence of either approval from the Local Finance Bond to incur debt through the NJEIFP for the requested Loan amount, or in the case of a Revenue Bond Applicant, evidence from the Board of Directors, or other governing body of the Applicant, a resolution pursuant to which such governing body acknowledges and agrees to:

- i. The projected debt service repayment obligation of the Applicant over the course of the proposed Program Loan;
- ii. With respect to any Applicant that is a Local Government Unit, a contractual obligation to provide an annual certification of an authorized officer of the Applicant that the Applicant has timely provided to the Division of Local Government Services within the New Jersey Department of Community Affairs (the "DLGS") a balanced budget for the forthcoming fiscal year, and that such budget has been approved by the Director of the DLGS, all in accordance with the Local Budget Law or the Local Authorities Fiscal Control Law, as applicable.
- iii. a contractual obligation, to be set forth in the Trust Loan Agreement and Fund Loan Agreement of the Applicant that obligates the Applicant each year, a Program Loan is outstanding, to fix the rates it charges its service customers in an amount at least equivalent to pay all outstanding debt service, operation & maintenance charges, and further, to pay any other expenses necessary to operate the Applicant's system in compliance with applicable laws and regulations. The Applicant will further covenant to provide to the Trust and the State a certification of an authorized officer of the Applicant, on an annual basis at the conclusion of each fiscal year of the Applicant, to the effect that the Authority has for such fiscal year, complied with the rate covenant set forth above. Failure to provide such certification, upon the expiration of a thirty day notice and cure period, shall be an Event of Default pursuant to each of the Trust Loan Agreement and the Fund Loan Agreement, and shall give rise to a right of acceleration of the Program Loans by the Trust and the State, respectively.
- iv. In addition, the Applicant shall be subject to a covenant obligation to provide written notice to the NJEIT and the NJDEP within 30 days of the occurrence of any Event of Default, pursuant to and as defined in its indenture of trust or bond resolution, or any event that with the passage of time and/or the giving of notice shall constitute an Event of Default.

Junior Lien Bond Policy The Financing Program does not require debt service reserve funds of Investment Grade Rated Authorities to act as security for the Trust Loan Bond and the Fund Loan Bond issued by such Authority. Furthermore, if such reserve funds are required by the Authorities' own indenture of trust or bond resolution, the Financing Program does not make Trust Loan proceeds or Fund Loan

proceeds available to Authorities to fund such debt service reserve funds. However, the Financing Program will accept from such Authorities a junior-lien bond as evidence of and security for the Trust Loan and Fund Loan repayment obligations of such Authority. While this junior-lien bond is subordinated to any senior-lien debt of that Authority, the Financing Program protects itself from repayment default and loss by requiring each Authority to comply with the following: (i) compliance with Credit Eligibility Requirements; (ii) a Service Agreement that is secured by the full faith and credit of one or more Participants; and (iii) a contractual obligation set forth in the indenture of trust or bond resolution that obligates the Authority to raise the rates it charges its service customers by an amount at least equivalent to pay all outstanding debt service (including debt service with respect to the Junior-Lien Trust Loan Bond and the Junior-Lien Fund Loan Bond), operation & maintenance charges, and further, to pay any other expenses necessary to operate the Authority in compliance with applicable laws and regulations. In addition, the Authority shall be subject to a covenant obligation to provide written notice to the NJEIT and the NJDEP within 30 days of the occurrence of any Event of Default, pursuant to and as defined in its indenture of trust or bond resolution, or any event that with the passage of time and/or the giving of notice shall constitute an Event of Default. The failure by the Authority to satisfy the obligation set forth in (iii), above, shall constitute an Event of Default, pursuant to and as defined in its Trust Loan Agreement and its Fund Loan Agreement.

Determination of Ineligibility Any Finding of Unacceptable Credit Risk shall be issued in writing by the Trust to the Applicant and shall render the Applicant ineligible to participate in the Financing Program for that Financing Program year.

Action by the Trust Pursuant to the Credit Policy. Any determination or action authorized or required to be undertaken by the Trust pursuant to the terms and provisions of this Credit Policy may be undertaken or performed by any authorized officer designated as such by the Board of Directors of the Trust through formal action, including but not limited to Trust Board Resolution No. 11-10 enacted on April 7, 2011.

2. CREDIT ELIGIBILITY REQUIREMENTS

Applicants shall satisfy the Financing Program's Credit Eligibility Requirements. A determination as to compliance with the Credit Eligibility Requirements shall be made by the Trust at the earlier of the time of the Environmental Infrastructure Project's:

- i. Interim Financing Program Closing, including, without limitation, the Disaster Relief Emergency Loan Financing Program, or
- ii. Escrow Closing, or
- iii. Direct Loan Program Closing, or
- iv. Receipt from the Trust of a Finding of Unacceptable Credit Risk.

Excepting the existence of a Material Event(s), Credit Eligibility Requirements are waived for supplemental loans with respect to existing Trust Loans and Fund Loans.

An Applicant shall establish compliance with the Credit Eligibility Requirement by providing a:

A. PLEDGED G.O., *provided that the Applicant is a(n):*

- a) **Municipality/County, or the beneficiary of a guarantee provided by a Municipality/County, such Municipality/County which is:**
 - i. **Investment Grade Rated:** No additional requirements.
 - ii. **Non-Investment Grade Rated:** For an Applicant that is a Municipality, credit support is provided in the form of (i) a Qualified Bond, and (ii) a covenant obligation on the part of the Applicant to satisfy upon issuance of such Qualified Bond, and any future Qualified Bond (issued in connection with the Financing Program or otherwise), the Qualified Bond Debt Service Coverage Ratio at <75% until the maturity of the Trust Loan Bond and Fund Loan Bond;
 - iii. **Non-Rated:** A Credit Rating is obtained by the Municipality or the County from any of the three Nationally Recognized Rating Agencies and the applicable requirements relating to such Credit Rating as outlined in either Sections VI:2-A.a(i) or VI:2-A.a(ii) are satisfied.

A Municipality or a county failing to meet any one of the above criteria is ineligible to receive a Financing Program loan under this provision.

b) Authority and is:

- i. Investment Grade Rated:** No additional requirements.
- ii. Non-Investment Grade Rated:** A Letter(s) of Credit issued by a Nationally Chartered Bank or State Chartered Bank:
 - i. with a Credit Rating(s) of no less than A(flat) and no Non-Investment Grade Credit Rating(s) from any of the three Nationally Recognized Rating Agencies; **and**
 - ii. which Letter(s) of Credit shall be maintained at least at A(flat), or be replaced by the Borrower with a Letter of Credit from a Nationally Chartered Bank or State Chartered Bank which satisfies the preceding paragraph (i); **and**
 - iii. licensed to do business in the State of New Jersey; **and**
 - iv. which secures the payment of the principal of and interest on (as applicable) the Trust Loan Bond and the Fund Loan Bond issued to the Trust and the State, respectively, by such Borrower for the term of the Trust Loan and Fund Loan.
- iii. Non-Rated:**
 - a. A Credit Rating is obtained from any of the three Nationally Recognized Rating Agencies and the applicable requirements relating to such Credit Ratings as outlined in either Sections VI:2-A.b(i) or VI:2-A.b(ii) are satisfied; **or**
 - b. The Authority has entered into a Joint and Several Liability Service Agreement with one or more Participants and no more than 50% of the Authority's annual revenue is derived from Participants with Non-Investment Grade Ratings or that are Non-Rated; **or**
 - c. The Authority has entered into a Non-Joint and Several Liability Service Agreement with one or more Participants and no more than 25% of the Authority's annual revenue is derived from Participants with Non-Investment Grade Ratings or that are Non-Rated.

An Authority failing to meet any one of the above criteria is ineligible to receive a Financing Program loan under this provision.

c) Redevelopment Project and is sponsored by a(n):

i. Investment Grade Rated LGU Sponsor:

- a. A Financial Due Diligence Meeting is required to discuss the financial impact upon the LGU Sponsor of the proposed additional debt (note: if the Nationally Recognized Rating Agency that has rated the LGU Sponsor does not attend the Financial Due Diligence Meeting, the LGU Sponsor shall present to the Trust a certification that the Nationally Recognized Rating Agency has been informed in writing of the proposed financing and has chosen not to attend); ***and***
- b. Additional requirements as appropriate are agreed upon to secure the LGU Sponsor including, but not limited to;
 - i. PILOT payments,
 - ii. Statutory rights pursuant to the Redevelopment Area Bond Financing Law,
 - iii. Reserve funds, and
 - iv. Corporate guarantees.

ii. Non-Investment Grade Rated LGU Sponsor:

- a. A Letter(s) of Credit issued by a Nationally Chartered Bank or State Chartered Bank:
 - i. with a Credit Rating(s) of no less than A(flat) and no Non-Investment Grade Credit Rating(s) from any of the three Nationally Recognized Rating Agencies; ***and***
 - ii. which Letter(s) of Credit shall be maintained at least at A(flat), or be replaced by the Borrower with a Letter of Credit from a Nationally Chartered Bank or State Chartered Bank which satisfies the preceding paragraph (i); ***and***
 - iii. licensed to do business in the State of New Jersey; ***and***
 - iv. which secures the payment of the principal of and interest on (as applicable) the Trust Loan Bond and the Fund Loan Bond issued to the Trust and the State, respectively, by such Borrower for the term of the Trust Loan and Fund Loan; ***and***
- b. All requirements as set forth in Section VI:2-A.c(i) must be satisfied.

- iii. **Non-Rated LGU Sponsor:** A Credit Rating is obtained from any of the three Nationally Recognized Rating Agencies and the applicable requirements based on the ratings as outlined in either Sections VI:2-A.c(i) or VI:2-A.c(ii) are satisfied.

A redevelopment project failing to meet any one of the above criteria is ineligible to receive a Financing Program loan under this provision.

B. REVENUE BOND, *provided that the Applicant is a(n):*

a) Authority and is:

i. Investment Grade Rated:

- a. The indenture of trust or bond resolution pursuant to which the Authority issues its Trust Loan Bond and Fund Loan Bond shall include (i) a debt service coverage ratio covenant, (ii) a rate covenant and (iii) a debt incurrence test, each deemed by the Trust to be acceptable; ***and***
- b. For any time period during the life of the Loan that a Credit Rating has been assigned to the Authority by any Nationally Recognized Rating Agency of less than A- or A3, the annual Risk Premium will be imposed by the NJEIT and the NJDEP; provided, however, such amount shall be subject to the limitations imposed by the Internal Revenue Code as such limitations shall be interpreted and applied by the NJEIT following consultation with counsel. The payments will be deposited by the Trust into the LLR. This Provision will be enacted beginning with Financing Program Loans made in SFY 2014.

ii. Non-Investment Grade Rated:

- a. A Letter(s) of Credit issued by a Nationally Chartered Bank or State Chartered Bank:
 - i. with a Credit Rating(s) of no less than A(flat) and no Non-Investment Grade Credit Rating(s) from any of the three Nationally Recognized Rating Agencies; ***and***
 - ii. which Letter(s) of Credit shall be maintained at least at A(flat), or be replaced by the Borrower with a Letter of Credit from a Nationally Chartered Bank or State Chartered Bank which satisfies the preceding paragraph (i); ***and***

- iii. licensed to do business in the State of New Jersey; ***and***
- iv. which secures the payment of the principal of and interest on (as applicable) the Trust Loan Bond and the Fund Loan Bond issued to the Trust and the State, respectively, by such Borrower for the term of the Trust Loan and Fund Loan; ***and***
- b. The indenture of trust or bond resolution pursuant to which the Authority issues its Trust Loan Bond and Fund Loan Bond shall include (i) a debt service coverage ratio covenant, (ii) a rate covenant and (iii) a debt incurrence test, each deemed to be acceptable by the Trust;
- iii. **Non-Rated:** A Credit Rating is obtained from any of the three Nationally Recognized Rating Agencies and the applicable requirements relating to such Credit Ratings as outlined in either Sections VI:2-B.a(i) or VI:2-B.a(ii) are satisfied.

An Authority failing to meet any one of the above criteria is ineligible to receive a Financing Program loan under this provision.

b) Privately Owned Water System and is:

i. Investment Grade Rated:

- a. The indenture of trust pursuant to which the Privately Owned Water System issues its Trust Loan Bond and Fund Loan Bond shall include (i) a debt service coverage ratio covenant, (ii) a rate covenant and (iii) a debt incurrence test, each deemed by the Trust to be acceptable; ***and***
- b. For any time period during the life of the Loan that a Credit Rating has been assigned to the Privately Owned Water System by a Nationally Recognized Rating Agency of less than A- or A3, the annual Risk Premium will be imposed by the NJEIT and the NJDEP; provided, however, such amount shall be subject to the limitations imposed by the Internal Revenue Code as such limitations shall be interpreted and applied by the NJEIT following consultation with counsel. The Risk Premium payments will be deposited by the Trust into the LLR. This Provision will be enacted beginning with Loans made in SFY 2014.

ii. Non-Investment Grade Rated:

a. A Letter(s) of Credit issued by a Nationally Chartered Bank or State Chartered Bank:

i. with a Credit Rating(s) of no less than A(flat) and no Non-Investment Grade Credit Rating(s) from any of the three Nationally Recognized Rating Agencies; ***and***

ii. which Letter(s) of Credit shall be maintained at least at A(flat), or be replaced by the Borrower with a Letter of Credit from a Nationally Chartered Bank or State Chartered Bank which satisfies the preceding paragraph (i); ***and***

iii. licensed to do business in the State of New Jersey; ***and***

iv. which secures the payment of the principal of and interest on (as applicable) the Trust Loan Bond and the Fund Loan Bond issued to the Trust and the State, respectively, by such Applicant for the term of the Trust Loan and Fund Loan; ***and***

b. The indenture of trust pursuant to which the Privately Owned Water System issues its Trust Loan Bond and Fund Loan Bond shall include (i) a debt service coverage ratio covenant, (ii) a rate covenant and (iii) a debt incurrence test, each deemed to be acceptable by the Trust;

iii. Non-Rated: A Credit Rating is obtained from any of the three Nationally Recognized Rating Agencies and the applicable requirements relating to such Credit Ratings as outlined in either Sections VI:2-B.b(i) or VI:2-B.b(ii) are satisfied.

A Privately Owned Water System failing to meet any one of the above criteria is ineligible to receive a Financing Program loan under this provision.

C. De-minimis Loan Applicant, provided that the Applicant is:

i. Investment Grade Rated: No additional requirements. The Trust reserves the right to require the Borrower to establish a debt service reserve account as collateral for the Trust Loan and Fund Loan. Funds for a debt service reserve fund may not be borrowed;

ii. Non-Investment Grade Rated: A Letter(s) of Credit issued by a Nationally Chartered Bank or State Chartered Bank:

- i. with a Credit Rating(s) of no less than A(flat) and no Non-Investment Grade Credit Rating(s) from any of the three Nationally Recognized Rating Agencies; **and**
 - ii. which Letter(s) of Credit shall be maintained at least at A(flat), or be replaced by the Borrower with a Letter of Credit from a Nationally Chartered Bank or State Chartered Bank which satisfies the preceding paragraph (i); **and**
 - iii. licensed to do business in the State of New Jersey; **and**
 - iv. which secures the payment of the principal of and interest on (as applicable) the Trust Loan Bond and the Fund Loan Bond issued to the Trust and the State, respectively, by such Borrower for the term of the Trust Loan and Fund Loan.
- iii. **Non-Rated:** An Applicant meeting the established financial criteria, as set forth by the Trust from time to time and publicly disseminated, shall be eligible to receive a Financing Program loan subject to the requirements as outlined in Section VI:2-C.(i) above. Additionally, such Applicant shall provide proof of authorization to enter into the Loan Agreements with the NJDEP and the Trust from its governing body, such as a Board of Directors. Any Applicant not meeting the established financial criteria, as set forth by the Trust, is subject to the requirements as outlined in Section VI:2-C.(ii) above.

A *De-minimis* Loan Applicant failing to meet any one of the above criteria is ineligible to receive a Financing Program Loan under this provision.

RESOLUTION NO. 13 - 60

**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: October 17, 2013

Motion Made By: Mr. Briant

Motion Seconded By: Mr. Ellis

Ayes: 7

Nays: 0

Abstentions: 0

RESOLUTION NO. 13 - 61

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 litigation 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: October 17, 2013

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Chebra

Ayes: 7

Nays: 0

Abstentions: 0

SUMMARY OF ANNOUNCEMENTS:

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

- Letters of Intent were received on October 7, 2013 from project participants requesting financing in the SFY2015 NJEIT Traditional and Sandy SRF Programs. The Trust received 241 requests totaling \$1.59 billion.
- Trust staff continues to work with process contract auditors, WithumSmith+Brown, to identify and prioritize those business processes most critical to the Trust. Executive Director Zimmer will give the Board the results of the audit when completed.
- The Trust exhibited at the Utilities Transportation Contractors Association held in Atlantic City, NJ.
- Executive Director Zimmer and CFO Kaltman participated on conference calls with the New Jersey Bankers Association's President John McWeeney and various local banking intuitions to discuss the parameters of the SAIL Financing Program.
- On October 15, 2013, Board Secretary Ellis, Executive Director Zimmer and Assistant Director Scangarella attended a meet and greet with Senator Lou Greenwald.
- On October 14, 2013, Board Secretary Ellis, Executive Director Zimmer and Assistant Director Scangarella attended a meet and greet with Senate President Stephen Sweeney.
- On October 10, 2013, Executive Director Zimmer presented at the AWWA's Keeping New Jersey's Water Utilities InfraStrong conference.
- On October 8, 2013, Board Secretary Ellis and Executive Director Zimmer attended a meet and greet with Senator Jennifer Beck.
- On September 26, 2013, Executive Director Zimmer presented at the AEA's Auxiliary Power Workshop.
- On September 23 and 25, 2013, Executive Director Zimmer participated in conference calls with BPU Senior Policy Advisor Michael Winka and the New York State Council of Development Finance Agency to consider whether a Qualified Energy Conservation Bond funding program would work here in New Jersey.
- On September 19, 2013, the Trust and DEP held a pre-application meeting with Two Rivers Sewerage Authority's Executive Director Bongiovanni and staff to discuss project financing.
- On September 16, 2013, Ethics Officer Scangarella attended the Advocacy Institute's, NJ

State Policy Prohibiting Discrimination in the Workplace workshop.

- The Trust and DEP continue to meet to discuss H2IOans – LOI/Application review.
- The Trust conducted the following project financing related meeting or conference call:
 - Borough of Avalon
 - Bayshore RSA
 - Ocean County
 - Bridgewater (Phase 3)
 - City of Elizabeth (Elizabeth River Flood Control Project)
 - Beachwood Beach Meeting
 - Passaic Valley Sewerage Commission
- The next Trust Board meeting is scheduled for Thursday, November 14, 2013 at 10:00 a.m. at the Trust's offices.

SUMMARY OF CORRESPONDENCE:

During the past month, the Trust received or sent the following noteworthy correspondence. Pursuant to the Trust's Green Initiative, the agenda package does not include copies of the following correspondence. Board members should contact the Trust Secretary if they wish to receive hard copies.

- On October 1, 2013, Assistant Director Scangarella sent a letter to Princeton's Robert Bruschi regarding their loans to the Borough of Princeton and Township of Princeton.
- 5.02 Certificates were sent to the following Program borrowers:

2010A	Jersey City MUA	Project No. W0906001-001
2010B	Stone Harbor Borough	Project No. S340722-03
2012A	Long Beach Twp.	Project No. W1517001-011
2012A	Seaside Park Borough	Project No. W1527001-002
2012A	Weehawken Twp.	Project No. S343077-01
2012A	Clinton Town	Project No. W1005001-003/004

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>

RESOLUTION NO. 13 - ____

**RESOLUTION AUTHORIZING APPROVAL OF THE
OCTOBER 2013 TREASURER'S REPORT**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer's Report for October 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 October 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 OF THE TRUST
AUTHORIZING THE PROCUREMENT OF DESKTOP COMPUTERS**

WHEREAS, the Trust is authorized to procure office computer servers and desktop computers pursuant to N.J.S.A. 58:11B-5G; and

WHEREAS, Trust Policy and Procedure No. 4.00 (hereafter "Policy") requires Board approval for procurements in excess of \$12,500 and requires staff to undertake a competitive process for such purchases with limited exception; and

WHEREAS, the Policy provides that a competitive procurement is not required for procurements made pursuant to an existing State of New Jersey contract (Trust Policy and Procedure 4(II)(D)(1)), Exhibit 1.

WHEREAS, the New Jersey Environmental Infrastructure Financing Program Application known as H2IOans is a web based platform to process and administer applications and loans that will significantly improve program transparency, efficiency of program operations, and reduce transaction costs for applicants and borrowers; and

WHEREAS, H2IOans serves as a single user platform for all program staff including bond counsel, financial advisor, Trust and DEP staff for business operations such as developing program documents, internal email communications, importing data from external servers (such as NJ Environmental Management Systems data), processing electronic requisitions, and the review of construction drawings; and

WHEREAS, H2IOans' single user platform necessitates consistent desktop computer performance and viewing standards among program staff to ensure proper operability of the features of H2IOans, and it is the desire of the Trust to secure desktop computers for all Trust and DEP program staff assigned to the New Jersey Environmental Infrastructure Financing Program; and

WHEREAS, approximately a total of one hundred and twenty (120) computers and two hundred and forty (240) monitors will be required for staff's utilization of H2IOans; and

WHEREAS, pursuant to Resolution No. 12-27, the Board authorized the purchase of the first forty (40) computers and eighty (80) monitors for H2IOans (Phase I) on May 10, 2012 to provide a core set of staff with computers and monitors optimized for H2IOans; and

WHEREAS, the State of New Jersey has executed vendor contract #70256 with DELL Computer for State purchases of office computer servers and desktop computers; and

WHEREAS, it is the desire of the Board to procure the remaining computers and monitors (Phase II) for all remaining staff participating in H2IOans using Contract #70256.

NOW THEREFORE BE IT RESOLVED, that the Board authorizes the procurement of the following computer related equipment from DELL Computer pursuant to State Vendor Contract # 70256:

- H2IOan Desktop computers (Phase II): eighty (80) DELL Optiplex 7010 Intel Core I5-3470 mini tower computers or equivalent; and one hundred and sixty (160) DELL U2412M monitors or equivalent, at a total per unit price not to exceed \$1,800 and a total cost not to exceed \$144,000 for eighty (80) computers and units.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION No. 13-__

**RESOLUTION APPROVING THE AMENDED AND RESTATED
AGREEMENT FOR FINANCIAL ADVISORY SERVICES
AND CERTAIN INVESTMENT ADVISORY SERVICES**

WHEREAS, the New Jersey Environmental Infrastructure Trust (TRUST) is authorized to contract for Financial Advisory Services and Investment Advisory services pursuant to N.J.S.A. 58:11B-5(d); and

WHEREAS, the TRUST issued a Request for Proposals, dated February 15, 2012 (the "RFP"), to secure (i) financial advisory services and (ii) investment advisory services with respect to the investment of (A) proceeds of TRUST bonds and (B) funds that secure TRUST bonds (collectively, the "Obligated Funds"); and

WHEREAS, the need for investment advisory services for the investment of Obligated Funds was expressly stated in the public notice of the TRUST'S procurement; and

WHEREAS, the need for investment advisory services for the investment of Obligated Funds was expressly stated in the TRUST'S RFP; and

WHEREAS, Public Financial Management, Inc. (PFMI) and PFM Asset Management, LLC (PFMAM) jointly submitted to the TRUST a response to RFP, dated March 15, 2012 (the "Response to RFP"), for financial advisory services and investment advisory services in connection with the investment of Obligated Funds, with PFMAM designated therein as the entity that shall provide investment advisory services to the TRUST in connection with the investment of Obligated Funds; and

WHEREAS, On April 12, 2014, the Trust authorized the appointment of PFMI to provide Financial Advisory services and Investment Advisory Services for the period of July 1, 2012 through June 30, 2014, pursuant to Resolution No. 12-23; and

WHEREAS, it was, at the time of the execution and delivery of the Agreement for advisory services (Original Agreement), and it currently remains, the intent of the TRUST to formally engage PFMI and PFMAM to provide the financial advisory services and the investment advisory services, that include but are not limited to the scope of services as are set forth in the RFP and the Response to the RFP; and

WHEREAS, the TRUST deems the investment advisory services relating to the investment of Obligated Funds to be provided by PFMAM, as described in the RFP and the Response to RFP, to be essential to the operations of the TRUST and its administration of Obligated Funds, and,

therefore, deems it necessary and appropriate to amend the Original Agreement to include PFMAM as a party thereto; and

NOW THEREFORE BE IT RESOLVED, the Chairman or Vice Chairman of the Trust is hereby authorized to execute an Amendment to the Original Agreement with PFMI for the limited purpose of including PFMAM as advisor for the investment of Obligated Funds in a form of agreement authorized by the Attorney General.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

AMENDED AND RESTATED AGREEMENT FOR FINANCIAL ADVISORY SERVICES AND CERTAIN INVESTMENT ADVISORY SERVICES

This Amended and Restated Agreement (the “Amended and Restated Agreement” or the “Agreement”), made and entered into on this ____ day of _____, 2013, by and among the New Jersey Environmental Infrastructure Trust (the “TRUST”), Public Financial Management, Inc. (“PFMI”) and PFM Asset Management LLC (“PFMAM”; PFMI and PFMAM being referred to collectively hereinafter as the “CONTRACTORS”), amends and restates in its entirety that certain Agreement made and entered into on the 30th day of June, 2012 (the “Original Agreement”), by and between the TRUST and PFMI.

WHEREAS, the TRUST issued a Request for Proposals, dated February 15, 2012 (the “RFP”), to secure (i) financial advisory services and (ii) investment advisory services with respect to the investment of (A) proceeds of TRUST bonds and (B) funds that secure TRUST bonds (collectively, the “Obligated Funds”); and

WHEREAS, the need for investment advisory services for the investment of Obligated Funds was expressly stated in the public notice of the TRUST’S procurement; and

WHEREAS, the need for investment advisory services for the investment of Obligated Funds was expressly stated in the TRUST’S RFP; and

WHEREAS, PFMI and PFMAM jointly submitted to the TRUST a response to RFP, dated March 15, 2012 (the “Response to RFP”), for financial advisory services and investment advisory services in connection with the investment of Obligated Funds, with PFMAM designated therein as the entity that shall provide investment advisory services to the TRUST in connection with the investment of Obligated Funds; and

WHEREAS, on the basis of the Response to RFP of PFMI and PFMAM, the TRUST selected PFMI and PFMAM to provide the financial advisory services and the investment advisory services as defined and set forth in the RFP and the Response to RFP; and

WHEREAS, it was, at the time of the execution and delivery of the Original Agreement, and it currently remains, the intent of the TRUST to formally engage PFMI and PFMAM to provide the financial advisory services and the investment advisory services, that include but are not limited to the scope of services as are set forth in the RFP and the Response to RFP; and

WHEREAS, a review of the Original Agreement reveals the absence of PFMAM as a party thereto; and

WHEREAS, the TRUST deems the investment advisory services relating to the investment of Obligated Funds to be provided by PFMAM, as described in the RFP and the Response to RFP, to be essential to the operations of the TRUST and its administration of Obligated Funds, and, therefore, deems it necessary and appropriate to amend the Original Agreement to include PFMAM as a party thereto; and

WHEREAS, the CONTRACTORS have submitted their Response to RFP along with a revised pricing matrix dated April 4, 2012 to provide such services and represent that they are qualified by training and experience to perform the required services in the manner and on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and undertakings contained herein, the parties hereto covenant and agree as follows:

ARTICLE I

A. The CONTRACTORS shall provide the required services in accordance with the terms, conditions, specifications, and scope of the work set forth in:

1. the RFP, and related materials attached to and enclosed with the RFP; and
2. the Response to RFP of the CONTRACTORS;
3. the Executive Director's letter dated April 26, 2012;

The aforementioned documents are hereby incorporated by reference into this contract as if set forth in their full text herein.

B. In the event that there exists a conflict in terms, conditions, specifications, or scope of work between the RFP and the Response to RFP of the CONTRACTORS, the provisions of the RFP, the Executive Director's letter of April 26, 2012 and this Agreement shall prevail.

C. The TRUST'S obligations hereunder are contingent upon the availability of assessed or appropriated funds from which payment for contract purposes can be made in accordance with the provisions of the Environmental Infrastructure Trust Act, N.J.S.A. 58:11B-1 et seq. (the "Act"). No legal liability on the part of the TRUST for payment of any money shall arise unless and until funds are available each year to the TRUST from administrative fees or loan surcharges lawfully assessed against local government units or otherwise made available each year to the TRUST by the Legislature as may be required by the Act.

D. The CONTRACTORS shall maintain accounting records and other evidence pertaining to costs incurred on the project and shall make the records available to the TRUST at

all reasonable times during the contract period and for two full years from the date of the final payment. These records are subject to audit by the TRUST.

E. Ownership of all data, material and documentation originated and prepared for the TRUST pursuant to this Agreement shall belong exclusively to the TRUST. All such data, materials or documentation shall be delivered to the TRUST without any additional charge upon demand after termination of the Agreement, except as otherwise provided under the terms of this Agreement.

F. Except as otherwise permitted by this Agreement, the CONTRACTORS shall not publish, permit to be published, or distribute, use or disclose to anyone for public consumption, any information which it acquires in performance of the Agreement, without prior written consent of the TRUST.

G. The TRUST and the CONTRACTORS each reserve the right to terminate this contract, provided written notice has been given to the other party at the address set forth in Article V at least thirty (30) days prior to such proposed termination date.

ARTICLE II

A. In full consideration of all services to be performed under this Agreement, the CONTRACTORS shall be compensated in accordance with the compensation schedule set forth in the Response to RFP of the CONTRACTORS.

B. In full consideration of all services to be performed for the refunding of any Bond Issue (containing one or more series) previously issued by the TRUST, if the TRUST determines to undertake such a refunding and upon the successful closing of the transaction, the CONTRACTORS shall be compensated in accordance with the compensation schedule set forth in the Response to RFP of the CONTRACTORS, except that this consideration shall not exceed \$75,000 for the first series of refunding bonds and \$10,000 per each additional series sold as part of the same issue plus disbursements up to a cap of \$2,000 for each issue.

C. In full consideration of professional services to be performed by the CONTRACTORS to the TRUST, other than that set forth above, the parties shall negotiate a project-specific fee prior to the commencement of the project pursuant to the hourly rates set forth below. A formal contract amendment will be executed if the anticipated total fee for professional services for any project exceeds \$2,500.

Managing Director - \$275.00
Senior Managing Consultant - \$225.00
Consultant - \$180.00
Associate - \$100.00

D. Invoices must be submitted to the Executive Director of the TRUST before any payments will be made to the CONTRACTORS.

E. The CONTRACTORS must submit supporting evidence with the invoices identifying the project task and indicating among other things the actual time by employee (on an hourly basis) devoted to the project for which billing is submitted. All disbursements shall be itemized.

F. It is the responsibility of the TRUST to ascertain that services have been performed in a proper and satisfactory manner in accordance with the terms and conditions set forth in the Agreement prior to the approval of such invoices. However, approval of invoices for payment by the TRUST shall not constitute a release or waiver of any claim the TRUST has or may have for latent defects or errors or other breaches of this Agreement on the part of the CONTRACTORS, or any claims for breach of warranty, negligence or misconduct.

G. The CONTRACTORS shall be compensated for actual services performed and disbursements made in accordance with the terms of this ARTICLE.

H. Final payment shall be withheld by the TRUST until all services under this Agreement have been performed in a manner satisfactory to the TRUST and upon submission of any final report if stipulated in the supporting documentation.

I. The CONTRACTORS agree that they shall be directly responsible to and shall submit drafts, reports, and other documents and information or other production items contracted for to the Executive Director of the Trust, at the address indicated in ARTICLE V, for his approval on behalf of the TRUST before any payments are made in accordance with the terms of this ARTICLE II. Production items contracted for include but are not limited to 1) all requested debt service, repayment or amortization schedules, bond sizings, cash flow reports, and bond pool structures; 2) disclosure information and various other tables and charts required for the P.O.S. and O.S.; 3) arbitrage yield calculations; and 4) final pricing books.

ARTICLE III

A. This Agreement shall commence as of July 1, 2012 and continue in full force and effect until June 30, 2014 except as otherwise set forth in this Agreement.

B. The TRUST and the CONTRACTORS reserve the right to extend the term of this Agreement for additional periods of one year or less. Such extensions shall be offered by the Trust in writing not less than 30 days prior to the termination of the initial term of the Agreement. Acceptance of any extensions by the CONTRACTORS is to be in writing and must

be on file in the TRUST'S office within 5 days of the date of such offer of extension. In the event the Agreement is extended, all of the original terms will remain in effect for the extended period, except as otherwise agreed upon by the parties at the time of extension.

C. In the event of the termination of this Agreement, as provided in Article I, the CONTRACTORS shall furnish to the Executive Director of the TRUST such report or reports as he may require, based upon work completed under the provisions of this Agreement. The CONTRACTORS shall not be compensated for the time necessary to prepare such reports as may be required under this provision.

ARTICLE IV

A. Each CONTRACTOR'S status shall be that of an independent principal and not as an agent or employee of the TRUST.

B. The CONTRACTORS agree not to assign this Agreement or any monies due hereunder, or enter into any subagreement under this Agreement, without the prior written approval of the TRUST.

C. The CONTRACTORS agree that in the performance of this Agreement they will obey, abide and comply with the applicable Federal and State laws and regulations.

D. If incorporated in a state other than the State of New Jersey, each of the CONTRACTORS shall promptly file with the Secretary of the State any documents required in order to do business in the STATE OF NEW JERSEY and shall otherwise comply with the provisions of the laws of the STATE OF NEW JERSEY in that regard.

E. This Agreement shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the STATE OF NEW JERSEY.

F. If it becomes necessary for the CONTRACTORS, either as principals or by agents, subcontractors, or employees, to enter upon the premises or property of the TRUST or the State of New Jersey for any purpose whatsoever pursuant to this Agreement, the CONTRACTORS hereby covenant and agree to take, use, provide and make all proper, necessary and sufficient precautions, safeguards and protections against the occurrence of happenings of any accidents, injuries or damages to any person or property in connection with performance of the services under this Agreement, and to be responsible for, and to indemnify and save harmless the TRUST and the State of New Jersey from the payment of all sums of money, including the cost of defense, by reason of all, or any, such accidents, injuries or damages that may happen in connection with the performance of services under this Agreement.

The CONTRACTORS shall be responsible for and shall indemnify and hold the TRUST and State harmless for all fines, penalties and losses incurred, including the cost of defense, for or by reason of the violation of any local, State or Federal ordinance, regulation, or law, in connection with the performance of said services.

The CONTRACTORS will maintain sufficient insurance to indemnify the TRUST and the State of New Jersey and the members, officers and employees of the TRUST and State against any claim for loss, damage or injury to property or persons arising out of the performance of the CONTRACTORS or their subcontractors, employees and agents of the services contemplated by the Agreement and the use, misuse or failure of any equipment or machinery used by the CONTRACTORS or their subcontractors, employees or agents, and shall if requested provide certificates of such insurance to the TRUST. The CONTRACTORS shall also carry errors and omissions, professional liability and/or professional liability malpractice insurance sufficient to protect the CONTRACTORS from any liability arising out of the professional obligations performed pursuant to this Agreement.

The CONTRACTORS shall defend, indemnify and otherwise hold harmless the TRUST, its directors, officers and employees, and any officers and employees of the State of New Jersey authorized to render services to the TRUST, from any and all claims or actions at law of any and all kinds or nature including the costs of defense (1) which arise from acts or omissions whether negligent or not of the CONTRACTORS or their agents, employees, servants, subcontractors, materialmen or others working for or on behalf of the CONTRACTORS, irrespective of whether such risks are directly within the control of the CONTRACTORS, or (2) which arise from any failure to perform the CONTRACTORS' obligations under this Agreement or any improper performance of said obligations.

It is expressly agreed and understood that any approval by the TRUST of the services performed and/or reports or other productions items provided by the CONTRACTORS shall not operate to limit the obligations of the CONTRACTORS assumed in this Agreement. Furthermore, the CONTRACTORS expressly understand and agree that the provisions of the preceding indemnification clause shall in no way limit the CONTRACTORS' obligations assumed in this Agreement, nor shall they be construed to relieve the CONTRACTORS from any liability, nor preclude the TRUST from taking any other actions available to it under any other provisions of this Agreement or otherwise at law. The CONTRACTORS will be liable to the TRUST for any reasonable costs incurred by the TRUST to correct, modify or redesign any technical information or production item submitted by the CONTRACTORS that is found to be defective or not in accordance with the provisions of this Agreement as a result of negligent act, error or omission on the part of the CONTRACTORS, their respective officers, agents, servants, employees, consultants or subcontractors. The CONTRACTORS shall be given a reasonable opportunity to correct any deficiency.

G. During the performance of this Agreement, the CONTRACTORS agree as follows:

1. The CONTRACTORS will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status or sex. The CONTRACTORS will take affirmative action to ensure that applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status or sex. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTORS agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. The CONTRACTORS shall insert a similar provision in all subcontracts.

2. The CONTRACTORS will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTORS, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin ancestry, marital status or sex;

3. Each CONTRACTOR will send to each labor union or representative of workers with which they have a collective bargaining Agreement or other contract or understanding, a notice advising the labor union or worker's representative of the CONTRACTORS' commitments under this Agreement and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

H. The CONTRACTORS hereby agree to comply with the provision of N.J.S.A. 10:2-1 through 10:2-4 and P.L. 1975, c. 127 (N.J.S.A. 10:5-31 et seq.) and the Rules and Regulations promulgated pursuant thereunto.

I. Each CONTRACTOR does hereby warrant and represent that this Agreement has not been solicited or secured, directly or indirectly, in a manner contrary to the laws of the STATE OF NEW JERSEY and that said laws have not been violated and shall not be violated as they relate to the procurement or the performance of this Agreement by any conduct, including the paying or giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly, or indirectly, to any State employee, officer or official or to any Special State officer or employee as defined in N.J.S.A. 52:13D-13.

J. Each CONTRACTOR warrants and represents that no person or selling agency has been employed or retained to solicit or secure this Agreement upon any Agreement or understanding for a commission, percentage, brokerage or contingent fee excepting bona fide employees or bona fide established commercial or selling agencies maintained by the CONTRACTORS for the purpose of securing business.

K. Unless it has already done so as part of its Response to RFP, each CONTRACTOR agrees to complete the attached Stockholder Disclosure Form before executing this Agreement.

L. It is agreed and understood that the TRUST reserves the right under this Agreement to determine whether a conflict of interest or the appearance of a conflict of interest exists which would under State law adversely affect the Agreement, or would otherwise be contrary to the best interest of the TRUST and the State of New Jersey.

M. The CONTRACTORS and TRUST agree that any claims asserted against the TRUST shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq. and the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq. (except for section 9 of the Contractual Liability Act, N.J.S.A. 59:13-9), notwithstanding that the Contractual Liability Act is not applicable by its provisions to claims arising under contracts with the TRUST.

N. Each CONTRACTOR does hereby warrant and represent that it is qualified by training and experience to perform the required respective services in the manner and on the terms and conditions set forth herein.

O. Invalidation of any one of the provisions of this Agreement, by judgement or court order, shall in no way affect any other provisions herein contained, which provisions shall remain in full force and effect.

P. This Agreement may only be amended, modified or supplemented in writing consented to by the parties hereto.

Q. This Agreement may be executed by the parties hereto in three counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart, which together shall constitute but one and the same Agreement.

ARTICLE V

In accordance with Public Law 2005, Chapter 92, the CONTRACTORS each covenant and agree that all services performed under this Agreement by each CONTRACTOR shall be performed within the United States of America.

In accordance with Public Law 1995, Chapter 134, each CONTRACTOR certifies that it either has no business operations in Northern Ireland or it has business operations in Northern Ireland and it will take lawful steps in good faith to conduct any such business operations in accordance with the MacBride principles of nondiscrimination in employment as set forth in section 2 of P.L.1987, c.177 (C.52:18A-89.5), and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles.

Pursuant to Public Law 2005 (Chapter 51), State departments, agencies and authorities are precluded from awarding contracts exceeding \$17,500 to vendors who make certain political contributions on and after October 15, 2004, to avoid any appearance that the selection of State contractors is based on the contractors' political contributions. Each CONTRACTOR agrees to complete the attached Chapter 51 Disclosure Form (Exhibit B), execute, and submit same with this Agreement to the Trust. Chapter 51 also requires the disclosure of all contributions to any political organization organized under 26 U.S.C. 527 that also meet the definition of a "continuing political committee" within the meaning of N.J.S.A 19:44A-3(n) and N.J.A.C. 19:25-1.7. If either CONTRACTOR fails to fully comply with Chapter 51 upon contract execution, this contract is void *ab inito*, as such failure is a material defect that invalidates this Agreement. If either CONTRACTORS solicit or make any Chapter 51 political contributions prior to the completion of this Contract, such act shall constitute a material breach of this Agreement.

Pursuant to Public Law 2005, Chapter 271 (Chapter 271), each CONTRACTOR is required to disclose its (and its principals') political contributions within the immediately preceding twelve (12) month period as set forth in the attached Chapter 271 disclosure statement. Each CONTRACTOR agrees to complete the attached Chapter 271 Disclosure Form (Exhibit C) execute, and submit same with this Agreement to the TRUST. Each CONTRACTOR also has a continuing duty to immediately report any Chapter 271 political contributions it makes during the term of this Agreement to the TRUST. The CONTRACTORS will not be precluded from entering a contract with the TRUST by virtue of the information provided in the Chapter 271 disclosure provided the form is fully and accurately completed. If either CONTRACTOR fails to fully comply with Chapter 271 upon contract execution, this Agreement is void *ab inito*, as such failure is a material defect that invalidates this Agreement.

Each CONTRACTOR represents and warrants that all information, certifications and disclosure statements, previously provided in connection with Public Law 2005, Chapter 51 and Executive Order No. 117 (2008) ("EO 117"), are true and correct as of the date hereof and all such statements have been made with full knowledge that the TRUST and the State of New Jersey (the "State") will rely upon the truth of the statements contained therein in engaging the CONTRACTORS. Each CONTRACTOR agrees that it shall maintain continued compliance with Public Law 2005, Chapter 51, EO 117 and regulations promulgated thereunder during the term of this Agreement. Each CONTRACTOR acknowledges that upon its failure to make required filings thereunder or the making of a contribution prohibited thereunder, the Trust may terminate this Agreement and any remedies available to the Trust may be exercised against the applicable CONTRACTOR at law or in equity.

Please also be advised of your responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to N.J.S.A. 19:44A-20.13 (P.L. 2005, c. 271 section 3) if the CONTRACTORS receive contracts in excess of \$50,000 from a public entity during a calendar year. It is each CONTRACTOR'S responsibility to determine if filing is necessary. Failure to so file can result

in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or www.elec.state.nj.us.

ARTICLE VI

The addresses given below shall be the addresses of the representative parties to which notices and reports required by this Agreement shall be sent by mail:

For PFMI:	GEOFFREY W. STEWART Senior Managing Consultant Public Financial Management, Inc. Two Logan Square, Suite 1600 Philadelphia, PA 19103-2270
For PFMAM:	STEPHEN B. FABER Managing Director PFM Asset Management LLC Princeton Metro Center III 821 Alexander Road, Suite 110 Princeton, NJ 08540
For the TRUST:	DAVID E. ZIMMER, CFA Executive Director New Jersey Environmental Infrastructure Trust 3131 Princeton Pike, Building 6, Suite 201 Lawrenceville, NJ 08648

IN WITNESS WHEREOF, the parties, hereto have caused this Agreement to be executed by these duly authorized representatives as of the dates indicated.

Witness:

PUBLIC FINANCIAL
MANAGEMENT, INC.
By: _____
Dated: _____

Witness:

PFM ASSET MANAGEMENT LLC
By: _____
Dated: _____

Witness:

NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST
By: _____
Dated: _____

Approved as to form only:
ATTORNEY GENERAL
STATE OF NEW JERSEY
By: _____
Deputy Attorney General
Dated:

State of New Jersey

New Jersey Environmental Infrastructure Trust

STOCKHOLDER DISCLOSURE FORM

Name
Address
City & State

List the names and addresses of all individuals, partnerships, corporations or any other owner having 10% or greater interest in the corporation or any other owner having 10% or greater interest in the corporation or partnership bidding under this Request for Proposals. If a listed owner is a corporation or partnership, then list the names and addresses of holders of 10% or more interest in that corporation or partnership. If additional space is necessary, list on an attached sheet. If there are no owners with 10% or more interest in your company, enter "None".

NAME ADDRESS (include zip)

President of the Firm (Type/print name)

Phone

- I certify that: ___ The list of stockholders above is current and correct to the best of my knowledge.
- ___ There are no stockholders holding 10% or more interest in this corporation or Firm to the best of my knowledge.
- ___ Firm is solely owned and not subject to corporation or partnership disclosure requirement.

Signature, Authorized Representative

Type/Print Name _____ Title

Witness _____ Date

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: