



**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

February 21, 2014



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 February 20, 2014 meeting of the New Jersey Environmental Infrastructure Trust. The New Jersey Environmental Infrastructure Trust Act provides that the Governor has ten days from the delivery of the minutes, excluding weekends and holidays, to review and accept such minutes. In the event that the minutes are not acted upon within the statutory time frame by you, the minutes become effective automatically.

Sincerely,

David E. Zimmer, CFA
Assistant Secretary

DEZ:jam

Enclosure

Cc: Honorable Stephen Sweeney, President of the Senate
Honorable Vincent Prieto, Speaker of the General Assembly



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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – FEBRUARY 20, 2014

1. CALL TO ORDER:

A meeting of the New Jersey Environmental Infrastructure Trust was convened on February 20, 2014 in the conference room of 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey. Chairman Victor called the meeting to order at 10:10 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. Lynda Fischer conducted roll call to which Mr. Victor, Mr. Barrack, Mr. Briant, Ms. Siekerka and Mr. Requa all responded affirmatively.

DIRECTORS

Warren Victor, Chairman
Herbert Barrack, Vice Chairman (*)
Robert A. Briant, Jr., Treasurer (*)
Michele Siekerka
(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
Richard Nolan, McCarter & English LLP
Geoffrey Stewart, Public Financial Management
Gene Chebra, Municipal Finance & Construction

(*) Participated via teleconference

A roll call will be conducted for all action items.

4. APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the January 9, 2014 Trust Board meeting.

Chairman Victor asked if there were any comments or questions, hearing none Chairman Victor requested a motion for approval.

Mr. Requa moved for the approval of the minutes. Mr. Briant seconded the motion.

The motion was carried 5 to 0 with 0 abstentions.

5. ANNOUNCEMENTS:

** Ms. Campbell arrived.

Executive Director Zimmer noted that a list of the substantive events that had occurred since the last Trust Board meeting, as well as the correspondence that was issued during the same time period, would be 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/miscellaeous/board-meeting-agenda>

- Executive Director Zimmer and Trust senior staff participated in a number of meetings or conference calls to discuss client and applicant issues including:
 - SMRSA; SAIL pre-construction meeting
 - North Hudson SA; excess project loan funds
 - PVSC; project funding; and
 - CCMUA; project funding
- The next Board meeting is scheduled for Thursday, March 13, 2014 at 10:00 am at the Trust's offices. At this meeting, the Trust will be reviewing project certifications for the SFY2014 Bond issuance.

There were no comments or questions.

6. 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 receive advice of counsel pertaining to the attorney-client privilege as well as to be informed about a pending litigation matter.

Chairman Victor introduced Resolution No. 14-03 to conduct an Executive Session. The resolution was moved for adoption by Ms. Siekerka and seconded by Mr. Barrack. The motion was carried 6 to 0 with 0 abstentions.

The Board convened Executive Session at 10:21.

Public session was reconvened at 11:30. Minutes of the Executive Session will be available when the need for confidentiality is no longer necessary.

7. UNFINISHED BUSINESS:

A. Mr. Chebra, of the NJDEP’s Municipal Finance and Construction Element, reported that there are 216 active projects totaling \$1,224,942,886 and 897 closed projects with loans outstanding totaling \$4,370,816,000 for a grand total of 1,113 projects at \$5,595,758,886.

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

SFY2014 Clean Water Financing Program:

Traditional and Supplemental Program:	43 Projects Totaling	\$230,203,000
Supplemental Program:	5 Projects Totaling	\$48,285,000
Track II Projects:	3 Projects Totaling	\$9,661,000
Barnegat Bay Projects:	3 Projects Totaling	\$3,887,000
Total Clean Water Projects	54 Projects Totaling	\$292,036,000

SFY2014 Drinking Water Financing Program:

Traditional and Supplemental Program:	38 Projects Totaling	\$105,412,000
Supplemental Program:	2 Projects Totaling	\$1,906,000
Legacy:	1 Projects Totaling	\$2,678,000
Track II Projects	3 Projects Totaling	\$2,718,000
Total Drinking Water Projects	44 Projects Totaling	\$112,714,000

SFY2014 Grand Totals:

Clean & Drinking Water Program Totals:	98 Projects	\$404,750,000
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Mr. Chebra reported that he expects 82 projects to receive certification totaling \$348,842,000 for the Bond Pool Financing Program and an additional 14 projects to receive certification for the Direct Loan Program totaling \$54,610,000.

There were no comments or questions.

C. Executive Director Zimmer requested the Trust’s Chief Financial Officer, Lauren Kaltman, discuss the status of the Aged Inventory Report. Since the last Board meeting there are 34 outstanding aged projects. Of these projects; 1 project was closed this past month; 6 additional projects are in the process of closing; 3 projects have received 30-day notice letters and 6 projects are expected to finish construction within the next two quarters.

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

Internal Controls Audit

Pursuant to Resolution No. 14-02, the Trust executed a contract with Rothstein Kass to provide Internal Controls Audit services to the Trust. A kick-off meeting with Rothstein Kass is tentatively scheduled for Thursday, February 27, 2014.

Financial Advisory Services

The Trust requires authorization by the Board to distribute an RFP for Financial Advisory Services. The RFP was scheduled to be discussed later in the Agenda as Item 8F.

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

- The Trust did not receive any new applications from the previous month. The Trust has 22 IFP loan applications totaling \$32,427,081.
- The Trust has closed on 17 IFP loans applications totaling \$24,163,849.
- 14 projects have received IFP loan disbursements from the Trust to-date totaling \$9,770,334.

The 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 on December 13, 2012.

Executive Director Zimmer asked if there were any comments or questions. Hearing none, Chairman Victor requested to move to New Business.

8. NEW BUSINESS:

A. Executive Director Zimmer requested the Trust's Chief Budget Officer, John Hansbury, introduce Resolution No. 14-04 accepting the January 2014 Treasurer's Reports.

Mr. Hansbury presented the Report announcing that in January, the Trust received revenues from fees of \$81,629.27 and paid bills totaling \$288,322.89 and that the Trust had received and is reviewing bills for payment totaling \$615,800.19.

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 Ms. Siekerka and seconded by Mr. Requa. The motion was carried 6 to 0 with 0 abstentions.

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

Princeton Pike Office Park, LLC	\$9,077.43
(Rent - January 2014) - Current lease dates 12/1/2013 - 11/30/2018 Annual Rent \$64,000.00 + New Estimated annual nets \$44,929.08 divided by 12 months equals \$9,077.43 per month.	
PFM Asset Management, LLC	\$12,425.34
(Investment Advisor - December 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# 150654	
Public Financial Management, Inc.	\$25,903.22
(Financial Advisor Services - 11/1/13 - 1/15/14)	
J&J Staffing Resources	\$17,873.80
(Part-Time salaries January 2014, inv#'s: 320670, 320952, 321248, 321559, 321868)	
Omnicap Group LLC	\$20,800.00
(Arbitrage Rebate Services for following issues: 2000A&B, 2001A&B, 2007B)	
Strategic Products & Services, LLC	\$21,657.37
(Purchase Order# GSNJEIT046: Avaya Digital Phone System)	
Bank of America Business Card	\$4,690.87
(Credit Card Payment #5667)	
Bank of America Business Card	\$3,765.53
(Credit Card Payment #0776)	
Bank of New York Mellon	\$10,150.00
(Trustee: 2000A (11/1/2013 - 10/31/2014))	
U.S. Bank	\$3,090.00
(Loan Servicer: 1994A&B (11/1/13 - 10/31/14))	
U.S. Bank	\$11,313.75
(Trustee: 1996A&B (11/1/2013 - 10/31/2014))	
U.S. Bank	\$11,343.33
(Trustee: 1997 (11/1/2013 - 10/31/2014))	

U.S. Bank (Trustee: 1998A (11/1/2013 - 10/31/2014))	\$12,175.75
U.S. Bank (Trustee: 1999A&B (11/1/2013 - 10/31/2014))	\$9,120.00
U.S. Bank (Loan Servicer: 1999A&B (11/1/2013 - 10/31/2014))	\$3,771.25
U.S. Bank (Trustee: 2002A&B (11/1/2013 - 10/31/2014))	\$9,992.55
U.S. Bank (Trustee: 2004A&B (11/1/2013 - 10/31/2014))	\$9,158.75
U.S. Bank (Trustee: 2005A&B (11/1/2013 - 10/31/2014))	\$9,697.50
U.S. Bank (Trustee: 2006A&B (11/1/2013 - 10/31/2014))	\$9,658.75
U.S. Bank (Trustee: 2007A (11/1/2013 - 10/31/2014))	\$10,000.00
U.S. Bank (Master Program Trust (11/1/13 - 10/31/14))	\$5,000.00
Caola & Company, Inc. (Electronic Doors, etc. for new office, P.O. #048)	\$6,861.50
McCarter & English, LP (Bond Counsel Services: SFY2014, Post-Close Matters, Small System (NANO), SAIL Financing Program)	\$378,273.50
TOTAL	\$615,800.19

B. Executive Director Zimmer requested that the Trust's Chief Financial Officer, Lauren Kaltman, introduce Resolution No. 14-05 authorizing the second amended and restated SFY2014 NANO Infrastructure Loan Program. This Resolution amends the previously adopted Resolution 13-58, adopted at the October 2013 Trust Board meeting which clarified the application of the risk premium and the allowable size of a NANO loan. The amendment in Resolution 14-05 allows for flexibility as to the source of funds to include either Trust operating funds or bonds to allow the Trust to cost effectively finance the projects. It further clarifies funding for loans which exceed the maximum

NANO loan size through the existing loan programs (e.g. a \$1.5 MM loan will receive \$1 MM through the NANO loan program and \$0.5 MM through the Direct loan program).

Ms. Kaltman 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. Barrack.
The motion was carried 6 to 0 with 0 abstentions.

- C. Executive Director Zimmer requested the Trust's Assistant Director, Frank Scangarella introduce Resolution No. 14-06 acknowledging receipt of the Executive Director's report concerning the terms of a Statewide Assistance Infrastructure Loan (SAIL) to the South Monmouth Regional Sewerage Authority (SMRSA).

The Board certified a relief loan to the SMRSA at the December 12, 2013 meeting, adopted under Resolution No. 13-73, for Project No. S340377-03 (S1) to replace/relocate the Lake Como Pumping Station from a flood hazard zone. On February 7, 2014, the Trust issued its first SAIL loan to SMRSA for \$2,950,391, with a Loan Interest Rate of 0.045% per annum and a maturity date of June 30, 2015. As adopted under 13-73, the Board is required to certify each project receiving a SAIL Loan and the Trust's Executive Director is required to provide the Board with a monthly report summarizing the terms of each new loan. Resolution No. 14-03 acknowledges receipt of the Executive Director's report.

Executive Director Zimmer questioned if the Trust will be charging an administrative fee. Mr. Scangarella responded that the Trust does not charge an administrative fee for SAIL loans, however an engineering fee, capped at 2.5% of the total SAIL loan amount, is to be charged if the services of the Trust's engineering consultant are utilized. Executive Director Zimmer and Assistant Commissioner Siekerka thanked their staffs for the continued efforts to get the Program created and the first loan closed. After hearing all questions and comments, Chairman Victor requested a motion for approval.

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

- D. Executive Director Zimmer requested Chief Financial Officer, Lauren Kaltman introduce Resolution No. 14-07 authorizing the second amended and restated Trust Credit Policy. At the October 2013 Trust Board meeting under Resolution 13-59, the Credit Policy was amended to include credit metric requirements for *di-minimis* loan borrowers that are non-rated Authorities providing Revenue Bonds to the NJEIT to secure their debt repayment obligations. Today's second amended resolution establishes similar metric measures for *di-minimis* loan borrowers providing a General Obligations to the Trust as well as additional terms for Borrowers who are or have been in an Event of Default.

Ms. Kaltman 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 0 abstentions.

- E. Executive Director Zimmer introduced Resolution No. 14-08 acknowledging the receipt of the Trust's Executive Director's report outlining the terms of the Revolving Sail Loan and the approval of a SAIL Loan to the Passaic Valley Sewerage Commissioners (PVSC). This resolution will certify those projects within the PVSC for financing through the Disaster Relief Emergency Financing Program and authorize the necessary actions in connection to the financing of those projects through the Disaster Relief Emergency Financing Program as outline within this resolution.

Assistant Director, Frank Scangarella identified an oversight in the 4th "Whereas" paragraph of the Resolution and, with input from Deputy Attorney General, Cliff Rones, suggested that the phrase "Projects [PVSC Project Nos.]" be substituted with the following language: "PVSC projects identified in the Project Priority List set forth in the NJEIT State Fiscal Year 2015 January Report." After hearing comments, Chairman Victor requested a motion for approval of the revised Resolution.

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

- F. Executive Director Zimmer requested Chief Budget Officer, John Hansbury introduce Resolution No. 14-09 authorizing the issuance of a Request for Proposal for Financial Advisory Services for SFY2015 and SFY2016 Financing Programs, including all new programs in accordance with Executive Order No. 26 and Trust procedures. This Resolution also authorizes the designation of Procurement Committee that will review, evaluate and make a recommendation of the selection of a Financial Advisor to the Board. The contract will last for a two-year period beginning July 1, 2014 through June 30, 2016; with an option to extend one-year and cover the SFY2017 Financing Program upon Board approval.

Mr. Hansbury 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. Requa and seconded by Ms. Campbell.
The motion was carried 6 to 0 with 0 abstentions.

9. PUBLIC COMMENTS:

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

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

Chairman Victor asked for a motion for an adjournment.

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

The meeting was adjourned at 12:20 pm.