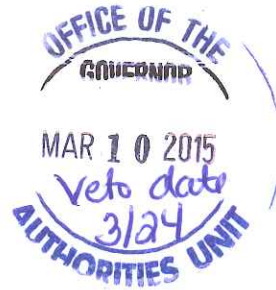




New Jersey Environmental Infrastructure Trust  
3131 Princeton Pike  
Building 4 Suite 216  
Lawrenceville, NJ 08648-2201



Robert A. Briant, Jr., Vice Chairman  
Roger Ellis, Treasurer  
Mark Longo, Secretary  
Ford M. Scudder, Acting State Treasurer  
Bob Martin, DEP Commissioner  
Charles A. Richman, DCA Commissioner  
David E. Zimmer, Executive Director

Honorable Chris Christie  
Governor of the State of New Jersey  
State House  
PO Box 001  
Trenton, New Jersey 08625

MAR 10 2016

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 March 10, 2016 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,

Mark Longo  
Secretary

Enclosure

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



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March 10, 2016

## NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

### OPEN PUBLIC MEETING

#### MINUTES – March 10, 2016

#### 1. CALL TO ORDER:

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, March 10, 2016 in the conference room of 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey. Vice Chairman Briant 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. Mr. Zimmer reported that he had received a letter from Acting State Treasurer Scudder appointing Michael Griffin, Department of the Treasury to be his designee for all Trust Board meetings. In the event Mr. Griffin cannot attend a board meeting, James Petrino, Department of the Treasury will serve as his back up.

#### 3. ROLL CALL:

Ms. Melissa Pierce conducted roll call to which Mr. Briant, Mr. Longo, Mr. Ellis, Mr. Kennedy, Mr. Requa, and Mr. Griffin all responded affirmatively.

##### DIRECTORS

Robert A. Briant, Jr., Vice Chairman  
Mark Longo, Secretary  
Roger Ellis, Treasurer  
Dan Kennedy  
(for DEP Commissioner Martin)  
Michael Griffin  
(for Acting State Treasurer Scudder)  
James Requa  
(for DCA Commissioner Richman)

##### OTHERS

David E. Zimmer, Executive Director  
Lauren Seidman Kaltman, Chief Financial Officer  
John Hansbury, Chief Budget Officer  
Michael Collins, Governor's Authorities Unit  
Clifford T. Rones, Deputy Attorney General  
Richard Nolan, McCarter & English LLP  
Geoffrey Stewart, Public Financial Management  
Gautam Patel, Municipal Finance & Construction

#### **4. APPROVAL OF THE MINUTES:**

Vice Chairman Briant opened discussion of the minutes of the Thursday, January 14, 2016 Trust Board meeting.

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

Mr. Requa moved for the approval of the minutes. Mr. Kennedy seconded the motion. The motion was carried 5 to 0 with 1 abstention.

#### **5. ANNOUNCEMENTS:**

Executive Director Zimmer summarized a number of the substantive events that occurred and the correspondence which was issued since the last Trust Board meeting:

- On March 3, 2016, Executive Director Zimmer, Assistant Director Scangarella and DEP Board liaison and Assistant Commissioner, Dan Kennedy, met with representatives from the Department of Agriculture to discuss how the SRF might assist Counties with financing Farmland preservation.
- On March 1, 2016, the Trust hosted Assistant Commissioner Dan Kennedy and approximately two dozen new members of his team in an inter-departmental Meet & Greet.
- On February 18, 2016, the Trust hosted the Office of Homeland Security for a session on personal safety training and awareness.
- On January 26, 2016, Executive Director Zimmer participated in a conference call with EDA President, Tim Lizura and DLGS Director, Tim Cunningham during which they discussed ways the Trust and the DEP might assist the City of Asbury Park with the potential decommissioning of the City's Waste Treatment Facility.
- On January 21, 2016, Executive Director Zimmer and Assistant Director Scangarella met with the Executive Director and Director of Development of the Jersey City Redevelopment Authority to discuss financing for a pending Redevelopment project.
- On January 20, 2016, Executive Director Zimmer met with representatives of United Water to discuss specifics of the DEP's NANO-lite Loan Program for Very Small Drinking Water systems.
- On January 19, 2016, Frank Scangarella, and staff members of the EIT, DEP and EPA met with representatives of Two Rivers Water Reclamation Authority for discussion of project funding.
- The next Trust Board meeting is scheduled for Thursday, April 14, 2016 at 10:00 am at the Trust's offices.

A copy of the announcements are available on the Trust's webpage (<http://njeit.org>) under the Recent Board Meeting Documents section, the announcements will be at the end of the Minutes for each meeting.

There were no comments or questions.

**6. PUBLIC COMMENTS:**

Vice Chairman Briant 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 193 active projects totaling \$910,901,288 and 1,078 closed projects with loans outstanding totaling \$5,148,161,432 for a grand total of 1,271 projects at \$6,059,062,720.

B. Mr. Patel discussed the SFY2016 Combined Financing Loan Programs:

**SFY2016 Clean Water Financing Program:**

Certified & Received Loan-Term Loan	9 Projects Totaling	\$35,415,068
Certified with Construction Loan:	19 Projects Totaling	\$94,169,529
Certified:	15 Projects Totaling	\$70,195,648
Authorized to Award expected by 6/30/16:	24 Projects Totaling	\$167,024,030
Prospect Approval expected by 6/30/16:	36 Projects Totaling	\$391,877,895
Prospect Approval not expected by 6/30/16:	56 Projects Totaling	\$595,058,708
<b>Total Clean Water Projects</b>	<b>159 Projects Totaling</b>	<b>\$1,353,740,878</b>

**SFY2016 Drinking Water Financing Program:**

Certified & Received Loan-Term Loan	2 Projects Totaling	\$2,121,401
Certified with Construction Loan:	12 Projects Totaling	\$34,178,832
Certified:	7 Projects Totaling	\$36,499,761
Authorized to Award expected by 6/30/16:	20 Projects Totaling	\$50,213,572
Prospect Approval expected by 6/30/16:	33 Projects Totaling	\$109,515,144
Prospect Approval not expected by 6/30/16:	46 Projects Totaling	\$217,203,233
<b>Total Drinking Water Projects</b>	<b>120 Projects Totaling</b>	<b>\$449,731,943</b>

**SFY2016 Grand Totals:**

<b>Clean &amp; Drinking Water Program Totals:</b>	<b>279 Projects</b>	<b>\$1,803,472,821</b>
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Mr. Briant asked Mr. Patel if the projects coded yellow will be advertised before June 30, 2016. Mr. Patel responded those projects are expected to receive authorization to award by the end of April and most likely be certified to award the construction contract by June 30<sup>th</sup>.

Executive Director Zimmer asked Mr. Kennedy to share with the other Board members, the steps that DEP is taking regarding projects on the red list. Mr. Kennedy replied that these specific projects will receive more of management’s focus to determine which projects should stay on the list moving forward. In this way, the Department will be better able to manage its limited SRF resources towards projects that have the intention and ability to proceed.

Mr. Ellis asked Mr. Patel if DEP could note which projects are actively under construction. Mr. Patel responded that the projects currently under construction are listed on the report given on 7B, known as the Project List. Executive Director Zimmer clarified that the projects coded in white and blue have received loans and are under construction.

C. Executive Director Zimmer reported on the status of the Trust's two outstanding Requests For Proposals:

Financial Auditing Services RFP (Resolution 16-05)

- Contract to Award recommendation was on the Agenda as Item 8C

Financial Advisory Services RFP (Resolution 16-04)

- Proposals had been received and were currently being reviewed by the Committee
- A recommendation for contract award would be presented to the Board at the April Board meeting

D. Executive Director Zimmer next reported on the status of the Construction Loan Program:

- The Trust received 6 new applications for Short Term Loan Financing since the January Board meeting.
  - The Trust has received 40 Construction Loan applications totaling \$124.4 M.
- Since January, the Trust has closed on 6 Construction Loan applications totaling \$12.4 million; three projects for Old Bridge MUA for \$7.8 million (a clean water interceptor for \$1.5 million, construct of a clean water bulkhead for \$2.5 million, and a drinking water storage tank rehabilitation for \$3.8 million); a clean water project outfall extension pipe with the Borough of Sea Girt for \$2.8 M; and two projects with Washington Twp. for \$1.75 million (a storage tank rehabilitation for \$1.6 million and facility security enhancements for a \$150,000).
  - The Trust has closed 26 Construction Loan applications to-date totaling \$87.5 M.
- The Trust disbursed \$14.5 million of funds to 17 projects since the January Board meeting.
  - 21 projects have received Construction Loan disbursement from the Trust to-date totaling approximately \$38.0 million.

The Construction Loan report was provided to the Board of Directors of the Trust in satisfaction of the requirements of Section 12 of the authorizing Resolution No. 16-02 adopted on January 14, 2016.

There were no comments or questions.

**8. NEW BUSINESS:**

- A. Executive Director Zimmer requested that the Trust’s Chief Budget Officer, John Hansbury, introduce Resolution No. 16-06, accepting the December 2015 Treasurer’s Report and Resolution No. 16-07 accepting the January 2016 Treasurer’s Report.

Revenues earned in December 2015:           \$ 505,218  
 Expenses Incurred in December 2015:       \$ 384,178

Revenues earned in January 2016:           \$ 505,250  
 Expenses Incurred in January 2016:       \$ 455,554

YTD	Total Revenues Earned:	\$ 4,013,775	% of Budget	105%
	Total Revenues Budgeted:	<u>\$ 3,823,777</u>		
	Difference:	\$189,998		

	Total Expenses Incurred:	\$ 3,151,988	% of Budget	93%
	Total Expenses Budgeted:	<u>\$ 3,390,131</u>		
	Difference:	(\$238,142)		

Difference v. Budgeted YTD:                   \$428,140

Mr. Hansbury asked if there were any comments or questions. Hearing none, Vice Chairman Briant requested a motion for approval of the December 2015 Treasurer Report.

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

Vice Chairman Briant requested a motion for approval of the January 2016 Treasurer Report.

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

- B. Executive Director Zimmer introduced Resolution No. 16-08 acknowledging receipt of the Executive Director’s report concerning the terms of a SAIL Loan to Kearny MUA. Pursuant to Resolution No. 13-73 (SAIL Program Resolution), the Executive Director is required to submit a Summary SAIL Loan Report at the next Board meeting following the issuance of any SAIL Loan. The Kearny SAIL Loan was issued on January 7, 2016, for \$6,441,376 with a maturity date of September 1, 2017. The Funding source is 25% funding from the Trust at a variable rate as the funds are drawn and 75% funding from DEP at 0% interest.

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

The resolution was moved for adoption by Mr. Kennedy and seconded by Mr. Longo.

The motion was carried 6 to 0 with 0 abstentions.

- C. Pursuant to Executive Order No. 122 (McGreevey), Executive Director Zimmer requested that Vice Chairman Briant introduce Resolution No. 16-09 awarding a contract for financial auditing services. The Board authorized the procurement of financial auditing service at the January 2016 Board meeting in Resolution 16-05. A request for proposal was issued on February 2, 2016. The RFP Evaluation Committee, composed solely of Board members, received five proposals. The Committee independently reviewed and ranked the proposals and recommended that the contract for Financial Auditing Services covering SFY2016 through SFY2018 be awarded to RSM US LLP at a total cost not to exceed \$250,265.

Vice Chairman Briant asked if there were any comments or questions. Hearing none, he requested a motion for approval.

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

## **9. EXECUTIVE SESSION:**

Vice Chairman Briant asked if there was a need for an Executive Session. Executive Director Zimmer responded there was not.

Vice Chairman Briant asked Executive Director Zimmer if there was any further action required by the Board. Mr. Zimmer answered there was not.

Vice Chairman Briant then asked for a motion for an adjournment.

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

The meeting was adjourned at 10:35 a.m.

**RESOLUTION NO. 16 - 06**

**RESOLUTION AUTHORIZING APPROVAL OF THE  
DECEMBER 2015 TREASURER'S REPORT**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer's Report for December 2015; 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 December 2015 request that the same be entered into the record.

Adopted Date: March 10, 2016

Motion Made By: Roger Ellis

Motion Seconded By: Michael Griffin

Ayes: 6

Nays: 0

Abstentions: 0



**RESOLUTION NO. 16 - 07**

**RESOLUTION AUTHORIZING APPROVAL OF THE  
JANUARY 2016 TREASURER'S REPORT**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer's Report for January 2016; 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 January 2016 request that the same be entered into the record.

Adopted Date: March 10, 2016

Motion Made By: Roger Ellis

Motion Seconded By: Michael Griffin

Ayes: 6

Nays: 0

Abstentions: 0

**RESOLUTION NO. 16 - 08**

**RESOLUTION ACKNOWLEDGING RECEIPT OF THE  
EXECUTIVE DIRECTOR'S REPORT CONCERNING THE TERMS OF A  
STATEWIDE ASSISTANCE INFRASTRUCTURE LOAN (SAIL) TO  
KEARNY MUNICIPAL UTILITIES AUTHORITY**

WHEREAS, the New Jersey Environmental Infrastructure Trust's (Trust) enabling legislation, specifically, N.J.S.A. 58:11B-9.5, authorizes the Trust to issue short-term or temporary loans to repair environmental infrastructure damaged during a disaster or improve the resiliency of such infrastructure in future disasters (hereafter "SAIL Loan Program"); and

WHEREAS, the Board of Directors of the Trust (the "Board") established the terms, requirements and parameters of SAIL pursuant to Resolution No. 13-73, duly adopted by the Board on December 12, 2013 and entitled "Second Amended and Restated Resolution of the New Jersey Environmental Infrastructure Trust Authorizing the Disaster Relief Emergency Financing Program" (the "SAIL Program Resolution"); and

WHEREAS, the SAIL Program Resolution set forth the Relief Funding Eligibility Conditions that must be satisfied prior to the making of a Relief Loan, which include, without limitation, the certification of the Project by the Board prior to issuance of a Relief Loan and submission of a Relief Loan summary report at the Board meeting next following the Relief Loan; and

WHEREAS, on November 13, 2014, the Board certified a SAIL Program Loan to Kearney Municipal Utilities Authority (KMUA), for Project No. S340259-07 for the replacement of equipment, repairs and to increase the resiliency to the Kearny Point and Harrison Pump Stations damaged during Superstorm Sandy (hereafter "KMUA Loan"); and

WHEREAS, the KMUA Loan was issued on January 7, 2016 in the amount of \$6,441,376 and the Executive Director has furnished the Trust Board with a Report summarizing the terms of the KMUA Loan.

NOW THEREFORE, BE IT RESOLVED, that the Trust Board hereby acknowledges receipt of the Executive Director's report regarding the KMUA Loan.

Adopted Date: March 10, 2016

Motion Made By: Dan Kennedy

Motion Seconded By: Mark Longo

Ayes: 6

Nays: 0

Abstentions: 0

## RESOLUTION NO. 16 - 09

### RESOLUTION AUTHORIZING THE AWARD OF A FINANCIAL AUDITING SERVICES CONTRACT

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, pursuant to Resolution No. 16-05, the Trust Audit Committee established the Evaluation Committee, consisting of its own, non-Trust staff, members; Robert A. Briant, Jr., Vice Chairman, Roger Ellis, Treasurer and Mark Longo, Secretary of the Board, and authorized the Executive Director to distribute a Request for Proposals for financial auditing services; and

WHEREAS, pursuant to Executive Order number 122 (McGreevey), N.J.S.A. 58:11B-24, and Trust Policy and Procedure 4.00, the Trust issued requests for proposals to 28 financial auditing firms 16 of which are prequalified by the New Jersey Department of Treasury, Office of Purchase and Property; and

WHEREAS, five proposals were received from Bowman & Company LLP; Ernst & Young; Mercadien P.C.; RSM US LLP; and Smolin, Lupin & Co., P.A. (hereafter "Participating Firms"), which meet the terms and conditions of the proposal; and

WHEREAS, the Evaluation Committee members independently reviewed the proposals and prepared a report summarizing each member's ranking of the Participating Firms, and the audit committee is recommending that the contract for auditing services be awarded to RSM US LLP due to its submission of the highest ranked proposal in consideration of price (hereafter "Recommendation Report") for a contract period that covers work associated with the fiscal years from 2016 through 2018.

NOW THEREFORE BE IT RESOLVED, the Executive Director is authorized to execute an agreement, substantially in the form of the agreement attached to the Request for Proposal (RFP), with RSM US LLP, the terms and conditions of that agreement shall include but not be limited to:

- a. the provision of services as outlined in the New Jersey Environmental Infrastructure Trust's (Trust) RFP distributed on February 2, 2016 and the proposal submitted by RSM US LLP, dated February 23, 2016; and
- b. a contract term of May 1, 2016 through April 30, 2019; and
- c. RSM US LLP's agreement to conduct annual audits of (1) the New Jersey Environmental Infrastructure Trust Fund and (2) the Clean Water and Drinking Water State Revolving Fund for Fiscal Year (FY) 2016, FY2017 and FY2018; and
- d. NJEIT's agreement to pay RSM US LLP for said auditing services for FY2016, FY2017, and FY2018 shall not exceed a total of \$250,265 and
- e. 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.

BE IT FURTHER RESOLVED THAT total expenditures pursuant to this agreement shall not exceed \$250,265 absent separate board authorization.

Adopted Date: March 10, 2016

Motion Made By: Dan Kennedy

Motion Seconded By: James Requa

Ayes: 6

Nays: 0

Abstentions: 0

**SUMMARY OF ANNOUNCEMENTS:**

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

- On **March 7, 2016**, Executive Director Zimmer and CFO Kaltman met with DEP Chief Economist Ben Witherell to assist the DEP in modeling expenses regarding the financing of CSO projects.
- On **March 3, 2016**, Executive Director Zimmer, Assistant Director Scangarella and DEP Assistant Commissioner and Board member, Dan Kennedy met with representatives from the Department of Agriculture to discuss how the SRF might be assist Counties with financing Farmland preservation.
- On **March 1, 2016**, the Trust hosted Assistant Commissioner Dan Kennedy and approximately two dozen new members of his team in an inter-departmental Meet & Greet.
- On **February 25, 2016**, Executive Director Zimmer and Bond Counsel, Richard Nolan held a conference call with representatives from Evesham MUA regarding potential dissolution issues.
- On **February 18, 2016**, the Trust hosted the Office of Homeland Security for a session on personal safety training and awareness.
- On **February 2, 2016**, senior staff of the NJEIT and DEP met with representatives from the three prequalified engineering firms to discuss prospective redevelopment projects and the proposed Request-for-Quotes process.
- On **January 26, 2016**, Executive Director Zimmer and Assistant Director Scangarella participated in a conference for CSO Permit holders regarding the financing of their projects through the Trust.
- On **January 26, 2016**, Executive Director Zimmer held a conference call with EDA President, Tim Lizura and DLGS Director, Tim Cunningham to discuss ways in which the Trust and the Department might assist the City of Asbury Park with the potential decommissioning of the City's Waste Treatment Facility.
- On **January 21, 2016**, Executive Director Zimmer and Assistant Director Scangarella met with the Executive Director and Director of Development of the Jersey City Redevelopment Authority to discuss financing for a pending Redevelopment project.
- On **January 20, 2016**, Executive Director Zimmer, CFO Kaltman and Financial Advisor Geoff Stewart held a conference call with a representative of the Borough of Roosevelt regarding financing options for the Borough's waste treatment system.
- On **January 20, 2016**, Executive Director Zimmer met with representatives of United Water to discuss specifics of the Department's NANO-lite Loan Program for Very Small Drinking Water systems.
- On **January 19, 2016**, Frank Scangarella, and staff members of the EIT, DEP and EPA met with representatives of Two Rivers Water Reclamation Authority for discussion of project funding.
- Executive Director Zimmer and DEP Assistant Commissioner and Board member, Dan Kennedy held numerous meetings and conference calls that included staff members as well as representatives of the Salem County Improvement Authority to facilitate both Authorization-to-Advertise from the DEP and the documentation process for a construction loan from the Trust for SCIA's landfill extension project.

- Executive Director Zimmer and DEP Assistant Commissioner and Board member, Dan Kennedy continue to hold meetings with senior staff members from both the EIT and DEP, and at times, with water and utility industry leaders, to draft initial guidelines of a Statewide Asset Management Program for Commissioner Martin.
- Trust senior staff continues to meet with consultants from CohnReznick to finalize the internal controls review of the Trust's major business functions. The next phase of testing controls will begin in the next few weeks.
- Trust senior staff participated in the following client project pre-planning meetings or conference calls to discuss program funding issues:
  - Hoboken – Redevelopment Project – SFY2015 Financing Program
  - Jersey City MUA – Redevelopment Project
  - Salem County Improvement Authority – Landfill Expansion Cell #11 Project
  - Blairstown – Prospective Project
- H<sub>2</sub>LOans computer system meetings continue between the Trust and DEP technology and process staffs.
- Importantly, the next Board meeting is scheduled for **April 14, 2016** at 10:00 a.m. at the Trust's offices.

A copy of the announcements are available on the Trust's webpage (<https://www.njeit.org>) under the recent Board meeting documents section, the announcements will be at the end of the Minutes for each meeting.