

RESOLUTION No. 13-32

RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION AND THE NJ ENVIRONMENTAL INFRASTRUCTURE TRUST

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, each year the Department receives Clean Water Act, State Revolving Fund 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) for the purpose of making loans and grants to local government units and water systems for environmental infrastructure projects; and

WHEREAS, since 1987, the Trust and Department have jointly issued loans in excess of \$6 billion for environmental infrastructure projects through a combination of Trust market rate loans and State zero interest loans (hereafter “The New Jersey Environmental Infrastructure Financing Program” or “NJEIFP”); and

WHEREAS, in administering the NJEIFP, more than

- One hundred and twenty five (125) loan applications are reviewed annually by the Trust and Department independently for financial eligibility and project eligibility;
- One-hundred and sixty (160) NJEIFP loan agreements are executed annually consisting of substantially similar Trust loan agreements and Department loan agreements;
- Three hundred (300) payment requisitions are reviewed and disbursed annually requiring substantially similar reviews by the Department and the Trust; and
- One thousand (1,000) loan repayments are received and processed separately by the Trust and Department pursuant to their respective loan agreements semi-annually; and

WHEREAS, the daily operations of the NJEIFP requires significant communication, cooperation and coordination between and among more than 150 staff and professional advisors; and

WHEREAS, the Department and Trust utilize independent, incompatible data management systems (Data Systems) to receive, manage and process data totaling hundreds of thousands of duplicative information throughout the course of application review and loan administration; and

WHEREAS, the duplication of effort required to maintain these Data Systems necessitates a significant duplication of effort by each agency, NJEIFP loan applicants and their respective professional advisors resulting in an inefficient allocation of resources both to maintain the Data Systems but also to manage the frequent inconsistencies of data between the Data Systems; and

WHEREAS, the Trust and Department daily administration of the NJEIFP relies heavily on paper both in internal and external communications resulting in direct inefficiencies arising from delays in messaging, misplaced documents, repetitive conversions of information between paper and digital formats, and an increased probability of errors; and

WHEREAS, the inefficiencies of relying on inconsistent data management systems, paper and data conversion also hinders the NJEIFP in its objective of serving its statutory mission through efficient service to borrowers; and

WHEREAS, in recognition of these inefficiencies and the necessity to effectuate program improvements, it is the desire of the Trust and Department to develop and utilize a single web based software program for the administration of all phases of NJEIFP program activities including but not limited to receiving and processing loan applications, developing and executing loan agreements, managing project fund accounts and budgets, receiving requisitions and supporting invoices, disbursing funds, processing loan repayments, as well as associated project management issues, contacts management, internal and customer communications, templates, regulatory and compliance reports for the Federal Government (IRS and EPA), the State of New Jersey, bond Trustees and other NJEIFP-related recipients, and security (hereafter "H2IOans").

NOW THEREFORE BE IT RESOLVED, the Trust authorizes the Executive to execute a MOU with the NJDEP for H2Loans development and administration, attached hereto and made a part hereof.

Adopted Date: June 13, 2013

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Requa

Ayes: 7

Nays: 0

Abstentions: 0