

RESOLUTION NO. 13-52

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

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

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

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

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

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

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

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

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

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

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

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

Adopted Date: September 12, 2013

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Briant

Ayes: 6

Nays: 0

Abstentions: 0



Request for Proposal

Internal Controls Audit Services

Issued by the
New Jersey Environmental Infrastructure Trust

Date Issued:
September 30, 2013

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

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

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

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

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

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

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1.0 INFORMATION FOR BIDDERS

1.1 INTRODUCTION

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

1.2 OBJECTIVES AND SCOPE OF THE AUDIT

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

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

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

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

1.3 ENGAGEMENT PROCESS

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

For this RFP each contractor shall respond with the following:

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

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

1.4 MINIMUM CONSULTANT REQUIREMENTS

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

1.5 KEY EVENTS

1.5.1 ELECTRONIC QUESTION AND ANSWER PERIOD

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

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

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

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

1.5.2 SUBMISSION OF BID PROPOSAL

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

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

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

1.5.3 OPTIONAL PRE-BID CONFERENCE

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

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

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

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

2.0 SCOPE OF SERVICES – INTERNAL CONTROL AUDITING SERVICES

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

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

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

Specific procedures would be, but are not limited to:

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

environment at the Trust.

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

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

a. The Trust's control environment

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

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

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

c. Communication and information of dissemination by the Trust

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

d. The Trust's internal control activities

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

e. Management's responsiveness to identified problems/weaknesses

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

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

3.0 ACCEPTANCE

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

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

4.0 PROPOSAL PREPARATION AND SUBMISSION

4.1 GENERAL

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

preparing and submitting its bid proposal.

4.2 BID PROPOSAL DELIVERY AND IDENTIFICATION

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

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

4.3 NUMBER OF BID PROPOSAL COPIES

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

4.4 BID PROPOSAL CONTENT

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

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

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

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

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

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

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

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

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

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

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

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

4.4.1 FORMS THAT MUST BE SUBMITTED WITH BID PROPOSAL

4.4.1.1 OWNERSHIP DISCLOSURE FORM

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

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

4.4.1.2 DISCLOSURE OF INVESTIGATIONS/ACTIONS INVOLVING BIDDER

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

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

4.4.2.1 BUSINESS REGISTRATION CERTIFICATE FROM THE DIVISION OF REVENUE

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

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

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

4.4.3.1 MACBRIDE PRINCIPLES CERTIFICATION

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

4.4.3.2 AFFIRMATIVE ACTION

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

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

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

I. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

III. Certification and disclosure requirements

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

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

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

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

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

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

4.4.4 TECHNICAL PROPOSAL

The Consultant's Technical Proposal should include the following:

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

4.4.4.2 TABLE OF CONTENTS

4.4.4.3 CONSULTANT INFORMATION

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

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

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

4.4.4.4 STATEMENT OF THE PROJECT

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

4.4.4.5 MANAGEMENT SUMMARY

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

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

4.4.4.6 WORK PLAN

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

4.4.4.7 TIME

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

4.4.5 ORGANIZATIONAL SUPPORT AND EXPERIENCE

4.4.5.1 LOCATION

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

4.4.5.2 ORGANIZATION CHART (CONTRACT SPECIFIC)

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

4.4.5.3 RESUMES

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

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

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

4.4.5.4 ORGANIZATION CHART (ENTIRE FIRM)

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

4.4.5.5 EXPERIENCE OF BIDDER ON CONTRACTS OF SIMILAR SIZE AND SCOPE

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

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

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

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

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

4.4.5.6 FINANCIAL CAPABILITY OF THE BIDDER

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

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

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

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

4.5 OTHER INFORMATION TO BE SUBMITTED BY BIDDER

4.5.1 CONFLICT OF INTEREST DISCLOSURE

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

4.5.2 INITIAL REQUEST FOR DOCUMENTS

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

prioritized and should not be overly burdensome.

4.5.3 WORK SPACE

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

4.5.4 PERIOD OF OFFER

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

4.5.5 ROLE OF TRUST STAFF

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

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

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

4.5.6 REPORTS

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

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

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

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

4.5.6.3 DRAFT/FINAL REPORT

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

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

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

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

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

4.5.6.4 ACTION PLANS

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

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

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

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

4.6 COST PROPOSAL

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

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

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

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

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

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

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

5.0 OTHER REQUIREMENTS

5.1 EMERGENCY PREPAREDNESS

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

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

6.0 PROPOSAL EVALUATION

6.1 PROPOSAL EVALUATION COMMITTEE

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

6.2 ORAL PRESENTATION AND/OR CLARIFICATION OF BID PROPOSAL

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

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

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

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

6.3 EVALUATION CRITERIA

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

6.4 TECHNICAL EVALUATION CRITERIA

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

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

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

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

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

6.5 COST PROPOSAL CRITERIA

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

6.6 BID DISCREPANCIES

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

7.0 NJEIT BACKGROUND

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

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

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

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

7.01 POWERS AND STRUCTURE OF THE ENVIRONMENTAL INFRASTRUCTURE TRUST

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

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

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

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

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

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

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

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

7.02 FY2013 FINANCING PROGRAM SUMMARY

A. OVERVIEW

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

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

B. LOAN FUNDING SOURCES

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

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

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

8.0 PRICE SCHEDULE (INSERT EXCEL SHEET HERE)