

## RESOLUTION NO. 17-14

### RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST APPROVING THREE CONSTRUCTION LOANS TO NEW JERSEY AMERICAN WATER COMPANY, INC.

**WHEREAS**, the New Jersey Environmental Infrastructure Trust (the "Trust"), in accordance with (i) 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 (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same may from time to time be amended and supplemented (the "Regulations"), is authorized, pursuant to an interim financing program (the "Interim Financing Program"), to make loans (each, an "Interim Loan") to eligible project sponsors (each, a "Borrower") for the purpose of financing the allowable costs of environmental infrastructure projects, provided that each such Interim Loan satisfies the requirements of the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

**WHEREAS**, pursuant to the provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for an Interim Loan pursuant to the Interim Financing Program, provided all of the following conditions are satisfied in full: (i) the project is listed on the project priority list developed in accordance with N.J.A.C. 7:22-4.8(a) for funding in the forthcoming State Fiscal Year; (ii) the proposed project sponsor has submitted a complete application for the project in accordance with N.J.A.C. 7:22-4.11; (iii) the project has been certified for funding by the Trust in accordance with N.J.A.C. 7:22-4.13; (iv) the project is in the fundable range in the forthcoming funding cycle given the project's rank and the anticipated availability of Department of Environmental Protection (the "Department") and Trust monies; and (v) the proposed project sponsor has not previously received an Interim Loan through the Interim Financing Program for the same project scope; and

**WHEREAS**, the Trust duly adopted Resolution No. 16-22 on May 12, 2016 entitled "Amended and Restated Resolution Authorizing Various Short-Term Financing Programs for State Fiscal Year 2017" (the "2017 Authorizing Resolution") to provide funding for the implementation of the Interim Financing Program during State Fiscal Year 2017 including the Construction Financing Program (the "SFY 2017 Construction Loan Program"); and

**WHEREAS**, the Trust duly adopted Resolution No. 17-11 on February 15, 2017 entitled "Resolution Authorizing the Construction Loan Financing Program for State Fiscal Year 2018" (the "2018 Authorizing Resolution") to provide funding for the implementation of the Interim Financing Program during State Fiscal Year 2018 including the Construction Financing Program (the "SFY 2018 Construction Loan Program"); and

**WHEREAS**, it is the desire of the Board to authorize Construction Loan Closings pursuant to the Interim Financing SFY2017 Construction Loan Program for loan closings occurring in SFY2017 and the Interim Financing SFY 2018 Construction Loan Program for loan closings occurring in SFY2018 (each the "Applicable Construction Loan Program"); and

**WHEREAS**, pursuant to the terms of the 2017 Authorizing Resolution and 2018 Authorizing Resolution (each the “Applicable Authorizing Resolution”), the Authorized Officers (as defined therein) are each severally authorized, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, to approve the participation of a Borrower in the Applicable Construction Loan Program, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Regulations and the terms of the Applicable Authorizing Resolution; and

**WHEREAS**, pursuant to Section 4 of the 2017 Authorizing Resolution and Section 5 of the 2018 Authorizing Resolution, any Interim Loan approved by the Authorized Officers, following the requisite consultations, and made by the Trust to a Borrower as part of the Applicable Construction Loan Program shall not exceed \$10,000,000 in principal amount (Construction Loan Limitation); and

**WHEREAS**, pursuant to Section 2 of the Applicable Authorizing Resolution, revisions and modifications may be made to terms and provisions of the Short-Term Financing Program pursuant to further official action in the form of the adoption of a resolution by the Board of Directors of the Trust; and

**WHEREAS**, the New Jersey American Water Company, Inc. (“NJAWC”) has requested from the Trust three (3) construction loans, in anticipation of a long-term loan from each of the Trust and the Department, for the purpose of constructing the following environmental infrastructure projects: (i) flood wall improvements to the Raritan Millstone Water Treatment Plant in Bridgewater Township, designated by the Department as Project # 2004002-500; (ii) Raw Water pumping improvements to the Raritan Millstone Water Treatment Plant in Bridgewater Township, designated by the Department as Project # 2004002-011; and (iii) Sunset Road Water Treatment Plant expansion in Lakewood Township, designated by the Department as Project #1345001-016 (cumulatively, the “NJAWC Projects”); and

**WHEREAS**, pursuant to the construction schedule with respect to each NJAWC Project, a Construction Loan not to exceed three full fiscal years will be made available for the construction, all or a portion of which will be completed prior to NJAWC’s receipt of the Trust and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby resulting in requests by NJAWC for Construction Loans as follows: (i) Project #2004002-500 in an amount not to exceed \$37 million; (ii) Project #2004002-011 in an amount not to exceed \$12 million; and (iii) #1345001-016 in an amount not to exceed \$13 million; and

**WHEREAS**, with respect to the Applicable Authorizing Resolution’s Construction Loan Limitation providing that any Construction Loan approved by the Authorized Officers, following the requisite consultations, and made by the Trust to a Borrower as part of the applicable Construction Loan Program shall not exceed \$10,000,000 in principal amount, subject to further official action in the form of the adoption of a resolution by the Board of Directors of the Trust, the Trust now desires, given the facts and circumstances set forth in the recitals hereto, to create as an exception to such limitation of Construction Loans, as part of the Applicable Construction Loan Program, to the aforementioned project sponsor in amount not to exceed the amount stated for the purpose of completing the NJAWC Projects; and

**WHEREAS**, it is the desire of the Trust that, other than the Applicable Authorizing Resolution's Construction Loan Limitation described in the immediately preceding recital, the project sponsor shall comply with (i) all other requirements of the Applicable Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the New Jersey Environmental Infrastructure Trust, as follows:

**Section 1.** Notwithstanding the Applicable Authorizing Resolution's Construction Loan Limitation providing that all Loans approved by the Authorized Officers, following the requisite consultations, and made by the Trust to Borrowers as part of the Applicable Construction Loan Program, shall not exceed \$10,000,000 in principal amount, the Board of Directors of the Trust, given the facts and circumstances set forth in the recitals hereto, hereby authorizes, as an exception to the Construction Loan Limitation, an Interim Loan, as part of the Applicable Construction Loan Program, to the following project sponsor for the stated project in an amount not to exceed the amount stated for the purpose of completing each such project.

<b>Project Sponsor</b>	<b>Project #</b>	<b>Description</b>	<b>Total Authorized Loan Amount</b>
NJ American Water Co., Inc.	2004002-500	Flood wall improvements to the Raritan Millstone Water Treatment Plant	\$37 million
NJ American Water Company, Inc.	2004002-011	Raw Water pumping improvements to the Raritan Millstone Water Treatment Plant	\$12 million
NJ American Water Company, Inc.	1345001-016	Sunset Road Water Treatment Plant expansion	\$13 million

**Section 2.** Other than the exceptions created by the provisions of Section 1 of this Resolution, the Construction Loans made to the aforementioned project sponsor as part of the Applicable Construction Loan Program shall comply fully with (i) each of the terms, provisions and conditions precedent set forth in the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

Adopted Date: March 9, 2017

Motion Made By: Tim Cunningham

Motion Seconded By: Mark Longo

Ayes: 5

Nays: 0

Abstentions: 0