



**New Jersey
Environmental
Infrastructure Trust**

"Financing New Jersey's
Water Quality Future"

Warren H. Victor, Chairman
Herbert Barrack, Vice Chairman
Roger Ellis, Secretary
Robert A. Briant, Jr., Treasurer
Andrew P. Sidamon-Eristoff, State Treasurer
Bob Martin, DEP Commissioner
Richard E. Constable, III, DCA Commissioner

David E. Zimmer, CFA, Executive Director



November 14, 2013

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

Dear Governor Christie:

In accordance with the provisions of the New Jersey Environmental Infrastructure Trust Act, I hereby transmit for your review and consideration the minutes of the November 14, 2013 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,

Roger Ellis
Secretary

Enclosure

Cc: Honorable Stephen Sweeney, President of the Senate
Honorable Sheila Oliver, Speaker of the General Assembly



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November 14, 2013

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – November 14, 2013

1. CALL TO ORDER:

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, November 14, 2013 in the conference room of 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey. Chairman Victor 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.

3. ROLL CALL:

Ms. Josephine Manzo conducted roll call to which Chairman Victor, Mr. Barrack, Mr. Ellis, Mr. Briant, Mr. Chebra, Mr. Requa, and Ms. Campbell all responded affirmatively.

DIRECTORS

Warren Victor, Chairman
Herbert Barrack, Vice Chairman (*)
Roger Ellis, Secretary
Robert A. Briant, Jr., Treasurer
Eugene Chebra
(for DEP Commissioner Martin)
Christine Campbell
(for State Treasurer Sidamon-Eristoff)
James Requa
(for DCA Commissioner Constable)

OTHERS

David E. Zimmer, Executive Director
Frank Scangarella, Assistant Director
Lauren Seidman Kaltman, Chief Financial Officer
Amy Herbold, 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

(*) Participated via teleconference

4. APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the October 17, 2013 Trust Board meeting.

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

Mr. Requa moved for the approval of the minutes. Mr. Briant seconded the motion. The motion was carried 7 to 0 with 0 abstentions.

5. ANNOUNCEMENTS:

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

- Trust senior staff participated in a number of client project meetings to discuss program qualification requirements for funding. Specifically, the EIT participated in the following project funding meetings:
 - Mountain Shores HOA , DEP's Drinking Water team, and our advisors;
 - Atlantic City Engineers, and DEP's Clean Water team;
 - Bayshore RSA, and DEP's Clean Water team; and
 - North Jersey District Water Supply Commission, and Gene Chebra
- Board member Roger Ellis arranged and participated in "Meet & Greet" meetings with Executive Director Zimmer and Assistant Director Scangarella with the following State and local officials:
 - Senator Bob Smith (November 13, 2013)
 - Senator Kip Bateman (October 29, 2013)
 - Assemblyman John Wisniewski (October 31, 2013)
 - Assemblywoman Linda Stender (November 7, 2013)
 - Borough of Fanwood Mayor, Colleen Mahr (November 11, 2013)
- Board member Roger Ellis arranged and participated in a "Meet & Greet" meeting with Executive Director Zimmer, Assistant Director Scangarella and ULLICO Investment Company Director Deborah Nisson to discuss the potential development of an investment partnership program.
- A copy of the proposed 2014 meeting dates were distributed. The Trust is moving to a new building and suite within the business park. The new address is Building 4, Suite 216 and the expected move in date is November 26, 2013.
- The next Board meeting is scheduled for Thursday, December 12, 2013 at 10:00 a.m. at the Trust's new offices.

SUMMARY OF CORRESPONDENCE:

In keeping with the Trust's green initiative, a copy of the full list of announcements is available on the Trust's webpage in a format that allows for copying under the General Information tab at: <http://www.njeit.org/general-information/miscellaneous/board-meeting-agendas>

There were no comments or questions.

6. PUBLIC COMMENTS:

Chairman Victor 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 231 active projects totaling \$1,270,834,604 and 879 closed projects with loans outstanding totaling \$4,313,582,127 for a grand total of 1110 projects at \$5,584,416,731.

B. Mr. Patel also discussed the SFY2014 Combined Financing Loan Programs:

SFY2014 Clean Water Financing Program:

| | | |
|---------------------------------------|----------------------|---------------|
| Traditional and Supplemental Program: | 70 Projects Totaling | \$467,346,000 |
| Supplemental Program: | 5 Projects Totaling | \$48,285,000 |
| Track II Projects: | 7 Projects Totaling | \$31,894,000 |
| Barnegat Bay Projects: | 6 Projects Totaling | \$9,677,000 |
| Total Clean Water Projects | 88 Projects Totaling | \$557,202,000 |

SFY2014 Drinking Water Financing Program:

| | | |
|---------------------------------------|----------------------|---------------|
| Traditional and Supplemental Program: | 61 Projects Totaling | \$177,699,000 |
| Supplemental Program: | 2 Projects Totaling | \$1,906,000 |
| Legacy: | 1 Project Totaling | \$2,678,000 |
| Track II Projects | 10 Projects Totaling | \$39,849,000 |
| Total Drinking Water Projects | 74 Projects Totaling | \$222,132,000 |

SFY2014 Grand Totals:

| | | |
|---|---------------------|----------------------|
| Clean & Drinking Water Program Totals: | 162 Projects | \$779,334,000 |
|---|---------------------|----------------------|

Mr. Patel estimated that of this total, 112 projects totaling \$465M will be ready and certified for funding in SFY2014.

There were no questions or comments.

C. Executive Director Zimmer requested CFO Lauren Kaltman to discuss the status of the Aged Inventory Report. This report reflects the outstanding available balance for each open construction project. CFO Kaltman discussed the efforts that the Trust and DEP have initiated to close the oldest of these open construction projects, in order to maintain compliance with IRS rules and regulations. Board members Messieurs Briant and Barrack questioned a number of outstanding loans issued prior to 2007. Mr. Zimmer reported that the Trust and DEP are communicating with a number of these borrowers to address this issue and are making solid progress. Mr. Barrack questioned the Trust's authority to close those projects with outstanding available funds once the borrowers are notified by the Trust of its anticipated plan of

action. Executive Director Zimmer reported that the Trust has such authority as defined in each borrower's loan agreement.

There were no additional questions or comments.

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

- RFP for Internal Controls Audit
Pursuant to Resolution No. 13-52, the RFP was released and distributed on October 17, 2013 with a response due date of November 21, 2013. The Trust received requests for 11 bid packages. The contract award will be added to the December Agenda for the Board's consideration and approval.
- RFP for Engineering Consulting Services
Pursuant to Resolution No. 13-56, the RFP was released and distributed to a preapproved list of State Integrity Monitor participants with a response due date of November 19, 2013. Executive Director Zimmer reported that there may be the need to hold a special Board meeting to approve the award of this contract. In a related manner, pursuant to Resolution No. 13-58, Executive Director Zimmer reported that he is working on the notice to the Departments of Environmental Protection and Treasury regarding the Board's concern of Trust exposure to unpaid or non-reimbursed expenses for the Engineering Consulting contract.

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

- The Trust received 4 new applications from the previous month; two from the PVSC, one from the Town of Hammonton, and one from Watchung Borough. The Trust currently has a total of 18 IFP loan applications totaling \$27,274,821.
- The Trust has closed on twelve (12) IFP loan applications resulting in a total amount closed of \$17,676,919.
- Eight (8) projects have received IFP loan disbursements from the Trust to-date totaling \$3,985,949.

The IFP report was provided to the Board of Directors of the Trust in satisfaction of the requirements of Section 6 of the authorizing Resolution No. 12-61 adopted on December 13, 2012.

There were no comments or questions.

8. NEW BUSINESS:

A. Executive Director Zimmer introduced Resolution No. 13-62 accepting the revised October 2013 Treasurer's Report.

Mr. Zimmer reported that the Trust received revenues in October from administrative fees of \$1,770.00 and paid bills totaling \$65,103.40. The Trust has received and is reviewing bills for payment totaling a revised \$116,245.68 including \$60,111.22 in new bills that were not included in the original Board packet.

Mr. Zimmer asked if there were any comments or questions regarding the report as presented. Hearing none, Chairman Victor requested a motion for approval.

The resolution was moved for adoption by Mr. Briant and seconded by Mr. Ellis. The motion was carried 7 to 0 with 0 abstentions.

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

| | |
|---|---------------------|
| Princeton Pike Office Park, LLC | \$9,480.45 |
| Rent - November 2013 - Current lease is month-to-month [Annual Rent \$62,675.00 + Estimated annual CAMs \$51,090.38] divided by 12 months = \$9,480.45 per month. | |
| PFM Asset Management, LLC (Investment Advisor - September 2013) Pursuant to Trust Resolution number 12-43, Current contract runs from 7/30/2012 to 7/30/2014. Fee based on aggregate assets under management. Invoice# 147753 | \$11,113.47 |
| J&J Staffing Resources (Part-Time salaries October 2013, invoice #'s: 314837, 316622, 316986, 317339, 317682) | \$22,152.20 |
| JJC Communications (Voice & Data cabling work at new office (75% of balance)) | \$4,708.30 |
| Dell Marketing L.P. (New Server Rack, UPS Tower, External Batteries, P.O.#NJEIT045) | \$5,812.04 |
| Anchor Moving & Storage (Moving company for move to new office – 100% pre-paid) | \$2,868.00 |
| Bank of America Business Card (Credit Card Payment #0766) | \$3,636.69 |
| PFM Asset Management, LLC (Financial Structuring of 2013 Defeasance Porfolios) | \$7,600.00 |
| Public Financial Management, Inc. Financial Advisor SFY2014 Program (July 1 – October 31, 2013) | \$24,944.53 |
| WithumSmith+Brown (Internal Control Audit – Final Payment) | \$21,030.00 |
| Mercadien (Verification Services for 2013 Defeasances) | \$3,000.00 |
| Total | \$116,245.68 |

- B. Executive Director Zimmer requested Assistant Director Scangarella to introduce Resolution No. 13-63. This resolution approves Phase II for the purchase of up to an additional 80 desktop computers and 160 monitors from Dell Computer pursuant to State Vendor Control #70256 for the remaining NJEIFP staff with a cost estimate not to exceed \$144,000. Mr. Scangarella explained the H2IOans system's capabilities for improving the sharing of information for both staffs of the Trust, DEP and its borrowers and the need of all NJEIFP staff for the appropriate hardware to work within the H2IOans system.

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

The resolution was moved for adoption by Mr. Barrack and seconded by Mr. Ellis.
The motion was carried 7 to 0 with 0 abstentions.

- C. Executive Director Zimmer requested Chief Financial Officer Kaltman to introduce Resolution No. 13-64 amending and restating the Agreement for Financial Advisory Services and certain Investment Advisory Services with Public Financial Management, Inc. Ms. Kaltman discussed the changes identified in the revised black-line version of the original contract with the Board. This resolution addresses the recent discovery of an administrative oversight in omitting PFM Assessment Management as a signatory to the original contract to act as the investment advisor for obligated funds in a form of the agreement authorized pursuant to Resolution No. 12-23.

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

The resolution was moved for adoption by Mr. Briant and seconded by Ms. Campbell.
The motion was carried 7 to 0 with 0 abstentions.

9. **EXECUTIVE SESSION:**

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

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

Chairman Victor then asked for a motion for an adjournment.

Mr. Requa motioned to adjourn the meeting.

The motion was seconded by Mr. Chebra.
The motion was carried 7 to 0 with 0 abstentions.

The meeting was adjourned at 10:45 a.m.

RESOLUTION NO. 13 - 62

**RESOLUTION AUTHORIZING APPROVAL OF THE
OCTOBER 2013 TREASURER'S REPORT**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer's Report for October 2013 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 October 2013 and requests that the same be entered into the record.

Adopted Date: November 14, 2013

Motion Made By: Mr. Briant

Motion Seconded By: Mr. Ellis

Ayes: 7

Nays: 0

Abstentions: 0

RESOLUTION NO. 13-63

RESOLUTION OF THE TRUST AUTHORIZING THE PROCUREMENT OF DESKTOP COMPUTERS

WHEREAS, the Trust is authorized to procure office computer servers and desktop computers pursuant to N.J.S.A. 58:11B-5G; and

WHEREAS, Trust Policy and Procedure No. 4.00 (hereafter "Policy") requires Board approval for procurements in excess of \$12,500 and requires staff to undertake a competitive process for such purchases with limited exception; and

WHEREAS, the Policy provides that a competitive procurement is not required for procurements made pursuant to an existing State of New Jersey contract (Trust Policy and Procedure 4(II)(D)(1)), Exhibit 1.

WHEREAS, the New Jersey Environmental Infrastructure Financing Program Application known as H2IOans is a web based platform to process and administer applications and loans that will significantly improve program transparency, efficiency of program operations, and reduce transaction costs for applicants and borrowers; and

WHEREAS, H2IOans serves as a single user platform for all program staff including bond counsel, financial advisor, Trust and DEP staff for business operations such as developing program documents, internal email communications, importing data from external servers (such as NJ Environmental Management Systems data), processing electronic requisitions, and the review of construction drawings; and

WHEREAS, H2IOans' single user platform necessitates consistent desktop computer performance and viewing standards among program staff to ensure proper operability of the features of H2IOans, and it is the desire of the Trust to secure desktop computers for all Trust and DEP program staff assigned to the New Jersey Environmental Infrastructure Financing Program; and

WHEREAS, approximately a total of one hundred and twenty (120) computers and two hundred and forty (240) monitors will be required for staff's utilization of H2IOans; and

WHEREAS, pursuant to Resolution No. 12-27, the Board authorized the purchase of the first forty (40) computers and eighty (80) monitors for H2IOans (Phase I) on May 10, 2012 to provide a core set of staff with computers and monitors optimized for H2IOans; and

WHEREAS, the State of New Jersey has executed vendor contract #70256 with DELL Computer for State purchases of office computer servers and desktop computers; and

WHEREAS, it is the desire of the Board to procure the remaining computers and monitors (Phase II) for all remaining staff participating in H2IOans using Contract #70256.

NOW THEREFORE BE IT RESOLVED, that the Board authorizes the procurement of the following computer related equipment from DELL Computer pursuant to State Vendor Contract # 70256:

- H2IOan Desktop computers (Phase II): eighty (80) DELL Optiplex 7010 Intel Core I5-3470 mini tower computers or equivalent; and one hundred and sixty (160) DELL U2412M monitors or equivalent, at a total per unit price not to exceed \$1,800 and a total cost not to exceed \$144,000 for eighty (80) computers and units.

Adopted Date: November 14, 2013

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Ellis

Ayes: 7

Nays: 0

Abstentions: 0

RESOLUTION No. 13-64

**RESOLUTION APPROVING THE AMENDED AND RESTATED
AGREEMENT FOR FINANCIAL ADVISORY SERVICES
AND CERTAIN INVESTMENT ADVISORY SERVICES**

WHEREAS, the New Jersey Environmental Infrastructure Trust (TRUST) is authorized to contract for Financial Advisory Services and Investment Advisory services pursuant to N.J.S.A. 58:11B-5(d); and

WHEREAS, the TRUST issued a Request for Proposals, dated February 15, 2012 (the "RFP"), to secure (i) financial advisory services and (ii) investment advisory services with respect to the investment of (A) proceeds of TRUST bonds and (B) funds that secure TRUST bonds (collectively, the "Obligated Funds"); and

WHEREAS, the need for investment advisory services for the investment of Obligated Funds was expressly stated in the public notice of the TRUST'S procurement; and

WHEREAS, the need for investment advisory services for the investment of Obligated Funds was expressly stated in the TRUST'S RFP; and

WHEREAS, Public Financial Management, Inc. (PFMI) and PFM Asset Management, LLC (PFMAM) jointly submitted to the TRUST a response to RFP, dated March 15, 2012 (the "Response to RFP"), for financial advisory services and investment advisory services in connection with the investment of Obligated Funds, with PFMAM designated therein as the entity that shall provide investment advisory services to the TRUST in connection with the investment of Obligated Funds; and

WHEREAS, On April 12, 2014, the Trust authorized the appointment of PFMI to provide Financial Advisory services and Investment Advisory Services for the period of July 1, 2012 through June 30, 2014, pursuant to Resolution No. 12-23; and

WHEREAS, it was, at the time of the execution and delivery of the Agreement for advisory services (Original Agreement), and it currently remains, the intent of the TRUST to formally engage PFMI and PFMAM to provide the financial advisory services and the investment advisory services, that include but are not limited to the scope of services as are set forth in the RFP and the Response to the RFP; and

WHEREAS, the TRUST deems the investment advisory services relating to the investment of Obligated Funds to be provided by PFMAM, as described in the RFP and the Response to RFP, to be essential to the operations of the TRUST and its administration of Obligated Funds, and, therefore, deems it necessary and appropriate to amend the Original Agreement to include PFMAM as a party thereto; and

NOW THEREFORE BE IT RESOLVED, the Chairman or Vice Chairman of the Trust is hereby authorized to execute an Amendment to the Original Agreement with PFMI for the limited purpose of including PFMAM as advisor for the investment of Obligated Funds in a form of agreement authorized by the Attorney General.

Adopted Date: November 14, 2013

Motion Made By: Mr. Briant

Motion Seconded By: Ms. Campbell

Ayes: 7

Nays: 0

Abstentions: 0

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

**AMENDED AND RESTATED AGREEMENT
FOR FINANCIAL ADVISORY SERVICES
AND CERTAIN INVESTMENT ADVISORY SERVICES**

This Amended and Restated Agreement (the “Amended and Restated Agreement” or the “Agreement”), made and entered into on this ____ day of _____, 2013, by and among the New Jersey Environmental Infrastructure Trust (the “TRUST”), Public Financial Management, Inc. (“PFMI”) and PFM Asset Management LLC (“PFMAM”; PFMI and PFMAM being referred to collectively hereinafter as the “CONTRACTORS”), amends and restates in its entirety that certain Agreement made and entered into on the 30th day of June, 2012 (the “Original Agreement”), by and between the TRUST and PFMI.

WHEREAS, the TRUST issued a Request for Proposals, dated February 15, 2012 (the “RFP”), to secure (i) financial advisory services and (ii) investment advisory services with respect to the investment of (A) proceeds of TRUST bonds and (B) funds that secure TRUST bonds (collectively, the “Obligated Funds”); and

WHEREAS, the need for investment advisory services for the investment of Obligated Funds was expressly stated in the public notice of the TRUST’S procurement; and

WHEREAS, the need for investment advisory services for the investment of Obligated Funds was expressly stated in the TRUST’S RFP; and

WHEREAS, PFMI and PFMAM jointly submitted to the TRUST a response to RFP, dated March 15, 2012 (the “Response to RFP”), for financial advisory services and investment advisory services in connection with the investment of Obligated Funds, with PFMAM designated therein as the entity that shall provide investment advisory services to the TRUST in connection with the investment of Obligated Funds; and

WHEREAS, on the basis of the Response to RFP of PFMI and PFMAM, the TRUST selected PFMI and PFMAM to provide the financial advisory services and the investment advisory services as defined and set forth in the RFP and the Response to RFP; and

WHEREAS, it was, at the time of the execution and delivery of the Original Agreement, and it currently remains, the intent of the TRUST to formally engage PFMI and PFMAM to provide the financial advisory services and the investment advisory services, that include but are not limited to the scope of services as are set forth in the RFP and the Response to RFP; and

WHEREAS, a review of the Original Agreement reveals the absence of PFMAM as a party thereto; and

WHEREAS, the TRUST deems the investment advisory services relating to the investment of Obligated Funds to be provided by PFMAM, as described in the RFP and the Response to RFP, to be essential to the operations of the TRUST and its administration of Obligated Funds, and, therefore, deems it necessary and appropriate to amend the Original Agreement to include PFMAM as a party thereto; and

WHEREAS, the CONTRACTORS have submitted their Response to RFP along with a revised pricing matrix dated April 4, 2012 to provide such services and represent that they are qualified by training and experience to perform the required services in the manner and on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and undertakings contained herein, the parties hereto covenant and agree as follows:

ARTICLE I

A. The CONTRACTORS shall provide the required services in accordance with the terms, conditions, specifications, and scope of the work set forth in:

1. the RFP, and related materials attached to and enclosed with the RFP; and
2. the Response to RFP of the CONTRACTORS;
3. the Executive Director's letter dated April 26, 2012;

The aforementioned documents are hereby incorporated by reference into this contract as if set forth in their full text herein.

B. In the event that there exists a conflict in terms, conditions, specifications, or scope of work between the RFP and the Response to RFP of the CONTRACTORS, the provisions of the RFP, the Executive Director's letter of April 26, 2012 and this Agreement shall prevail.

C. The TRUST'S obligations hereunder are contingent upon the availability of assessed or appropriated funds from which payment for contract purposes can be made in accordance with the provisions of the Environmental Infrastructure Trust Act, N.J.S.A. 58:11B-1 et seq. (the "Act"). No legal liability on the part of the TRUST for payment of any money shall arise unless and until funds are available each year to the TRUST from administrative fees or loan surcharges lawfully assessed against local government units or otherwise made available each year to the TRUST by the Legislature as may be required by the Act.

D. The CONTRACTORS shall maintain accounting records and other evidence pertaining to costs incurred on the project and shall make the records available to the TRUST at

all reasonable times during the contract period and for two full years from the date of the final payment. These records are subject to audit by the TRUST.

E. Ownership of all data, material and documentation originated and prepared for the TRUST pursuant to this Agreement shall belong exclusively to the TRUST. All such data, materials or documentation shall be delivered to the TRUST without any additional charge upon demand after termination of the Agreement, except as otherwise provided under the terms of this Agreement.

F. Except as otherwise permitted by this Agreement, the CONTRACTORS shall not publish, permit to be published, or distribute, use or disclose to anyone for public consumption, any information which it acquires in performance of the Agreement, without prior written consent of the TRUST.

G. The TRUST and the CONTRACTORS each reserve the right to terminate this contract, provided written notice has been given to the other party at the address set forth in Article V at least thirty (30) days prior to such proposed termination date.

ARTICLE II

A. In full consideration of all services to be performed under this Agreement, the CONTRACTORS shall be compensated in accordance with the compensation schedule set forth in the Response to RFP of the CONTRACTORS.

B. In full consideration of all services to be performed for the refunding of any Bond Issue (containing one or more series) previously issued by the TRUST, if the TRUST determines to undertake such a refunding and upon the successful closing of the transaction, the CONTRACTORS shall be compensated in accordance with the compensation schedule set forth in the Response to RFP of the CONTRACTORS, except that this consideration shall not exceed \$75,000 for the first series of refunding bonds and \$10,000 per each additional series sold as part of the same issue plus disbursements up to a cap of \$2,000 for each issue.

C. In full consideration of professional services to be performed by the CONTRACTORS to the TRUST, other than that set forth above, the parties shall negotiate a project-specific fee prior to the commencement of the project pursuant to the hourly rates set forth below. A formal contract amendment will be executed if the anticipated total fee for professional services for any project exceeds \$2,500.

Managing Director - \$275.00
Senior Managing Consultant - \$225.00
Consultant - \$180.00
Associate - \$100.00

D. Invoices must be submitted to the Executive Director of the TRUST before any payments will be made to the CONTRACTORS.

E. The CONTRACTORS must submit supporting evidence with the invoices identifying the project task and indicating among other things the actual time by employee (on an hourly basis) devoted to the project for which billing is submitted. All disbursements shall be itemized.

F. It is the responsibility of the TRUST to ascertain that services have been performed in a proper and satisfactory manner in accordance with the terms and conditions set forth in the Agreement prior to the approval of such invoices. However, approval of invoices for payment by the TRUST shall not constitute a release or waiver of any claim the TRUST has or may have for latent defects or errors or other breaches of this Agreement on the part of the CONTRACTORS, or any claims for breach of warranty, negligence or misconduct.

G. The CONTRACTORS shall be compensated for actual services performed and disbursements made in accordance with the terms of this ARTICLE.

H. Final payment shall be withheld by the TRUST until all services under this Agreement have been performed in a manner satisfactory to the TRUST and upon submission of any final report if stipulated in the supporting documentation.

I. The CONTRACTORS agree that they shall be directly responsible to and shall submit drafts, reports, and other documents and information or other production items contracted for to the Executive Director of the Trust, at the address indicated in ARTICLE V, for his approval on behalf of the TRUST before any payments are made in accordance with the terms of this ARTICLE II. Production items contracted for include but are not limited to 1) all requested debt service, repayment or amortization schedules, bond sizings, cash flow reports, and bond pool structures; 2) disclosure information and various other tables and charts required for the P.O.S. and O.S.; 3) arbitrage yield calculations; and 4) final pricing books.

ARTICLE III

A. This Agreement shall commence as of July 1, 2012 and continue in full force and effect until June 30, 2014 except as otherwise set forth in this Agreement.

B. The TRUST and the CONTRACTORS reserve the right to extend the term of this Agreement for additional periods of one year or less. Such extensions shall be offered by the Trust in writing not less than 30 days prior to the termination of the initial term of the Agreement. Acceptance of any extensions by the CONTRACTORS is to be in writing and must

be on file in the TRUST'S office within 5 days of the date of such offer of extension. In the event the Agreement is extended, all of the original terms will remain in effect for the extended period, except as otherwise agreed upon by the parties at the time of extension.

C. In the event of the termination of this Agreement, as provided in Article I, the CONTRACTORS shall furnish to the Executive Director of the TRUST such report or reports as he may require, based upon work completed under the provisions of this Agreement. The CONTRACTORS shall not be compensated for the time necessary to prepare such reports as may be required under this provision.

ARTICLE IV

A. Each CONTRACTOR'S status shall be that of an independent principal and not as an agent or employee of the TRUST.

B. The CONTRACTORS agree not to assign this Agreement or any monies due hereunder, or enter into any subagreement under this Agreement, without the prior written approval of the TRUST.

C. The CONTRACTORS agree that in the performance of this Agreement they will obey, abide and comply with the applicable Federal and State laws and regulations.

D. If incorporated in a state other than the State of New Jersey, each of the CONTRACTORS shall promptly file with the Secretary of the State any documents required in order to do business in the STATE OF NEW JERSEY and shall otherwise comply with the provisions of the laws of the STATE OF NEW JERSEY in that regard.

E. This Agreement shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the STATE OF NEW JERSEY.

F. If it becomes necessary for the CONTRACTORS, either as principals or by agents, subcontractors, or employees, to enter upon the premises or property of the TRUST or the State of New Jersey for any purpose whatsoever pursuant to this Agreement, the CONTRACTORS hereby covenant and agree to take, use, provide and make all proper, necessary and sufficient precautions, safeguards and protections against the occurrence of happenings of any accidents, injuries or damages to any person or property in connection with performance of the services under this Agreement, and to be responsible for, and to indemnify and save harmless the TRUST and the State of New Jersey from the payment of all sums of money, including the cost of defense, by reason of all, or any, such accidents, injuries or damages that may happen in connection with the performance of services under this Agreement.

The CONTRACTORS shall be responsible for and shall indemnify and hold the TRUST and State harmless for all fines, penalties and losses incurred, including the cost of defense, for or by reason of the violation of any local, State or Federal ordinance, regulation, or law, in connection with the performance of said services.

The CONTRACTORS will maintain sufficient insurance to indemnify the TRUST and the State of New Jersey and the members, officers and employees of the TRUST and State against any claim for loss, damage or injury to property or persons arising out of the performance of the CONTRACTORS or their subcontractors, employees and agents of the services contemplated by the Agreement and the use, misuse or failure of any equipment or machinery used by the CONTRACTORS or their subcontractors, employees or agents, and shall if requested provide certificates of such insurance to the TRUST. The CONTRACTORS shall also carry errors and omissions, professional liability and/or professional liability malpractice insurance sufficient to protect the CONTRACTORS from any liability arising out of the professional obligations performed pursuant to this Agreement.

The CONTRACTORS shall defend, indemnify and otherwise hold harmless the TRUST, its directors, officers and employees, and any officers and employees of the State of New Jersey authorized to render services to the TRUST, from any and all claims or actions at law of any and all kinds or nature including the costs of defense (1) which arise from acts or omissions whether negligent or not of the CONTRACTORS or their agents, employees, servants, subcontractors, materialmen or others working for or on behalf of the CONTRACTORS, irrespective of whether such risks are directly within the control of the CONTRACTORS, or (2) which arise from any failure to perform the CONTRACTORS' obligations under this Agreement or any improper performance of said obligations.

It is expressly agreed and understood that any approval by the TRUST of the services performed and/or reports or other productions items provided by the CONTRACTORS shall not operate to limit the obligations of the CONTRACTORS assumed in this Agreement. Furthermore, the CONTRACTORS expressly understand and agree that the provisions of the preceding indemnification clause shall in no way limit the CONTRACTORS' obligations assumed in this Agreement, nor shall they be construed to relieve the CONTRACTORS from any liability, nor preclude the TRUST from taking any other actions available to it under any other provisions of this Agreement or otherwise at law. The CONTRACTORS will be liable to the TRUST for any reasonable costs incurred by the TRUST to correct, modify or redesign any technical information or production item submitted by the CONTRACTORS that is found to be defective or not in accordance with the provisions of this Agreement as a result of negligent act, error or omission on the part of the CONTRACTORS, their respective officers, agents, servants, employees, consultants or subcontractors. The CONTRACTORS shall be given a reasonable opportunity to correct any deficiency.

G. During the performance of this Agreement, the CONTRACTORS agree as follows:

1. The CONTRACTORS will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, martial status or sex. The CONTRACTORS will take affirmative action to ensure that applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status or sex. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTORS agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. The CONTRACTORS shall insert a similar provision in all subcontracts.

2. The CONTRACTORS will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTORS, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin ancestry, marital status or sex;

3. Each CONTRACTOR will send to each labor union or representative of workers with which they have a collective bargaining Agreement or other contract or understanding, a notice advising the labor union or worker's representative of the CONTRACTORS' commitments under this Agreement and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

H. The CONTRACTORS hereby agree to comply with the provision of N.J.S.A. 10:2-1 through 10:2-4 and P.L. 1975, c. 127 (N.J.S.A. 10:5-31 et seq.) and the Rules and Regulations promulgated pursuant thereunto.

I. Each CONTRACTOR does hereby warrant and represent that this Agreement has not been solicited or secured, directly or indirectly, in a manner contrary to the laws of the STATE OF NEW JERSEY and that said laws have not been violated and shall not be violated as they relate to the procurement or the performance of this Agreement by any conduct, including the paying or giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly, or indirectly, to any State employee, officer or official or to any Special State officer or employee as defined in N.J.S.A. 52:13D-13.

J. Each CONTRACTOR warrants and represents that no person or selling agency has been employed or retained to solicit or secure this Agreement upon any Agreement or understanding for a commission, percentage, brokerage or contingent fee excepting bona fide employees or bona fide established commercial or selling agencies maintained by the CONTRACTORS for the purpose of securing business.

K. Unless it has already done so as part of its Response to RFP, each CONTRACTOR agrees to complete the attached Stockholder Disclosure Form before executing this Agreement.

L. It is agreed and understood that the TRUST reserves the right under this Agreement to determine whether a conflict of interest or the appearance of a conflict of interest exists which would under State law adversely affect the Agreement, or would otherwise be contrary to the best interest of the TRUST and the State of New Jersey.

M. The CONTRACTORS and TRUST agree that any claims asserted against the TRUST shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq. and the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq. (except for section 9 of the Contractual Liability Act, N.J.S.A. 59:13-9), notwithstanding that the Contractual Liability Act is not applicable by its provisions to claims arising under contracts with the TRUST.

N. Each CONTRACTOR does hereby warrant and represent that it is qualified by training and experience to perform the required respective services in the manner and on the terms and conditions set forth herein.

O. Invalidation of any one of the provisions of this Agreement, by judgment or court order, shall in no way affect any other provisions herein contained, which provisions shall remain in full force and effect.

P. This Agreement may only be amended, modified or supplemented in writing consented to by the parties hereto.

Q. This Agreement may be executed by the parties hereto in three counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart, which together shall constitute but one and the same Agreement.

R. It is understood that PFMAM performs investment advisory services for other clients. The TRUST hereby agrees that PFMAM may give advice and take action with respect to any of its other clients which may differ from the advice given, or the timing, or the nature of actions taken, with respect to funds managed by PFMAM hereunder.

S. PFMAM warrants that it has delivered to the TRUST prior to the execution of this Agreement PFMAM's current Securities and Exchange Commission Form ADV, Part 2A (brochure) and Part 2B (brochure supplement). The TRUST acknowledges receipt of such brochure and brochure supplement prior to the execution of this Agreement.

ARTICLE V

In accordance with Public Law 2005, Chapter 92, the CONTRACTORS each covenant

and agree that all services performed under this Agreement by each CONTRACTOR shall be performed within the United States of America.

In accordance with Public Law 1995, Chapter 134, each CONTRACTOR certifies that it either has no business operations in Northern Ireland or it has business operations in Northern Ireland and it will take lawful steps in good faith to conduct any such business operations in accordance with the MacBride principles of nondiscrimination in employment as set forth in section 2 of P.L.1987, c.177 (C.52:18A-89.5), and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles.

Pursuant to Public Law 2005 (Chapter 51), State departments, agencies and authorities are precluded from awarding contracts exceeding \$17,500 to vendors who make certain political contributions on and after October 15, 2004, to avoid any appearance that the selection of State contractors is based on the contractors' political contributions. Each CONTRACTOR agrees to complete the attached Chapter 51 Disclosure Form (Exhibit B), execute, and submit same with this Agreement to the Trust. Chapter 51 also requires the disclosure of all contributions to any political organization organized under 26 U.S.C. 527 that also meet the definition of a "continuing political committee" within the meaning of N.J.S.A 19:44A-3(n) and N.J.A.C. 19:25-1.7. If either CONTRACTOR fails to fully comply with Chapter 51 upon contract execution, this contract is void *ab inito*, as such failure is a material defect that invalidates this Agreement. If either CONTRACTORS solicit or make any Chapter 51 political contributions prior to the completion of this Contract, such act shall constitute a material breach of this Agreement.

Pursuant to Public Law 2005, Chapter 271 (Chapter 271), each CONTRACTOR is required to disclose its (and its principals') political contributions within the immediately preceding twelve (12) month period as set forth in the attached Chapter 271 disclosure statement. Each CONTRACTOR agrees to complete the attached Chapter 271 Disclosure Form (Exhibit C) execute, and submit same with this Agreement to the TRUST. Each CONTRACTOR also has a continuing duty to immediately report any Chapter 271 political contributions it makes during the term of this Agreement to the TRUST. The CONTRACTORS will not be precluded from entering a contract with the TRUST by virtue of the information provided in the Chapter 271 disclosure provided the form is fully and accurately completed. If either CONTRACTOR fails to fully comply with Chapter 271 upon contract execution, this Agreement is void *ab inito*, as such failure is a material defect that invalidates this Agreement.

Each CONTRACTOR represents and warrants that all information, certifications and disclosure statements, previously provided in connection with Public Law 2005, Chapter 51 and Executive Order No. 117 (2008)("EO 117"), are true and correct as of the date hereof and all such statements have been made with full knowledge that the TRUST and the State of New Jersey (the "State") will rely upon the truth of the statements contained therein in engaging the CONTRACTORS. Each CONTRACTOR agrees that it shall maintain continued compliance

with Public Law 2005, Chapter 51, EO 117 and regulations promulgated thereunder during the term of this Agreement. Each CONTRACTOR acknowledges that upon its failure to make required filings thereunder or the making of a contribution prohibited thereunder, the Trust may terminate this Agreement and any remedies available to the Trust may be exercised against the applicable CONTRACTOR at law or in equity.

Please also be advised of your responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to N.J.S.A. 19:44A-20.13 (P.L. 2005, c. 271 section 3) if the CONTRACTORS receive contracts in excess of \$50,000 from a public entity during a calendar year. It is each CONTRACTOR'S responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or www.elec.state.nj.us.

ARTICLE VI

The addresses given below shall be the addresses of the representative parties to which notices and reports required by this Agreement shall be sent by mail:

| | |
|----------------|--|
| For PFMI: | GEOFFREY W. STEWART Senior Managing Consultant Public Financial Management, Inc. Two Logan Square, Suite 1600 Philadelphia, PA 19103-2270 |
| For PFMAM: | STEPHEN B. FABER Managing Director PFM Asset Management LLC Princeton Metro Center III 821 Alexander Road, Suite 110 Princeton, NJ 08540 |
| For the TRUST: | DAVID E. ZIMMER, CFA Executive Director New Jersey Environmental Infrastructure Trust 3131 Princeton Pike, Building 6, Suite 201 Lawrenceville, NJ 08648 |

IN WITNESS WHEREOF, the parties, hereto have caused this Agreement to be executed by these duly authorized representatives as of the dates indicated.

Witness:

PUBLIC FINANCIAL
MANAGEMENT, INC.
By: _____
Dated: _____

Witness:

PFM ASSET MANAGEMENT LLC
By: _____
Dated: _____

Witness:

NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST
By: _____
Dated: _____

Approved as to form only:
ATTORNEY GENERAL
STATE OF NEW JERSEY
By: _____
Deputy Attorney General
Dated:

State of New Jersey

New Jersey Environmental Infrastructure Trust

STOCKHOLDER DISCLOSURE FORM

Name
Address
City & State

List the names and addresses of all individuals, partnerships, corporations or any other owner having 10% or greater interest in the corporation or any other owner having 10% or greater interest in the corporation or partnership bidding under this Request for Proposals. If a listed owner is a corporation or partnership, then list the names and addresses of holders of 10% or more interest in that corporation or partnership. If additional space is necessary, list on an attached sheet. If there are no owners with 10% or more interest in your company, enter "None".

NAME ADDRESS (include zip)

President of the Firm (Type/print name)

Phone

I certify that: ___ The list of stockholders above is current and correct to the best of my knowledge.

 ___ There are no stockholders holding 10% or more interest in this corporation or Firm to the best of my knowledge.

 ___ Firm is solely owned and not subject to corporation or partnership disclosure requirement.

Signature, Authorized Representative

Type/Print Name _____ Title

Witness _____ Date

SUMMARY OF ANNOUNCEMENTS:

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

- Trust senior staff participated in a number of client project meetings to discuss program qualification requirements for funding, all which turned out to be very helpful and effective for both sides. Specifically, the EIT participated in project funding meetings with:
 - Mountain Shores HOA , DEP’s Drinking Water team, and our advisors;
 - Atlantic City Engineers, and DEP’s Clean Water team;
 - Bayshore RSA, and DEP’s Clean Water team; and
 - North Jersey District Water Supply Commission, and Gene Chebra

- Board member Roger Ellis arranged and participated in “Meet & Greet” meetings with Executive Director Zimmer and Assistant Director Scangarella with the following legislators:
 - Senator Bob Smith (November 13, 2013)
 - Senator Kip Bateman (October 29, 2013)
 - Assemblyman John Wisniewski (October 31, 2013)
 - Assemblywoman Linda Stender (November 7, 2013)
 - Borough of Fanwood Mayor, Colleen Mahr (November 11, 2013)

- Board member Roger Ellis arranged and participated in a “Meet & Greet” meeting with ULLICO Investment Company Director Deborah Nisson to discuss the potential development potential of an investment partnership program.

- Executive Director Zimmer and CFO Kaltman participated on conference calls with the New Jersey Bankers Association’s President John McWeeney and various local banking intuitions to discuss the parameters of the SAIL Financing Program.

- On October 22, 2013, Trust and DEP staff met to discuss Cash Appropriations for the SAIL Loan Program as a result, 2 accounts have been established for CW & DW SAIL loans totaling \$65MM.

- On October 21, 2013, Executive Director Zimmer and Assistant Director Scangarella participated on a conference call with Department of Treasury’s David Ridolfino and Roseann Koval regarding solicitation for bids for SAIL Program Engineering Consultants.

- A copy of the proposed 2014 meeting dates were distributed. Please note the new building and suite address as the Trust is locating across the street, in Building 4, Suite 216. Our expected move date is 11/26/13, the Tuesday prior to Thanksgiving.

- The next Board meeting is scheduled for Thursday, December 12, 2013 at 10:00 am at the Trust’s new offices. Please mark your calendars.

SUMMARY OF CORRESPONDENCE:

During the past month, the Trust received or sent the following noteworthy correspondence. Pursuant to the Trust's Green Initiative, the agenda package does not include copies of the following correspondence. Board members should contact the Trust Secretary if they wish to receive hard copies.

- 5.02 Certificates were sent to the following Program borrowers:

| | | |
|-------|-----------------|--------------------------|
| 2007A | Stony Brook RSA | Project No. S340400-04 |
| 2006 | City of Linden | Project No. S340679-01-1 |
- On November 6, 2013, CD versions of the 2013 Financing Program closing documents were mailed to the borrowers their bond counsel, general counsel and financial advisors.
- On October 25, 2013, Executive Director Zimmer received a letter from the Mercadien, PC regarding the 2013 Defeasance of portions of the 2008A, 2010A and 2010B Financing Programs.

A copy of the full list of announcements is available on the Trust's webpage in a format that allows for copying under the General Information tab at:

<http://www.njeit.org/general-information/miscellaneous/board-meeting-agendas>