

## CHAPTER 224

**AN ACT** concerning the financing of environmental infrastructure projects, and amending and supplementing the title and body of P.L.1985, c.334.

**BE IT ENACTED** *by the Senate and General Assembly of the State of New Jersey:*

1. The title of P.L.1985, c.334 is amended to read as follows:

Title amended.

**AN ACT** establishing the New Jersey Environmental Infrastructure Trust, defining the functions, duties and powers thereof, including the authorization to issue bonds, notes and other obligations and to establish any reserve funds necessary therefor, and to make loans to and guarantee debt incurred by local government units for environmental infrastructure projects.

2. Section 1 of P.L.1985, c.334 (C.58:11B-1) is amended to read as follows:

C.58:11B-1 Short title.

1. This act shall be known and may be cited as the "New Jersey Environmental Infrastructure Trust Act."

3. Section 2 of P.L.1985, c.334 (C.58:11B-2) is amended to read as follows:

C.58:11B-2 Findings, determinations.

2. a. The Legislature finds that the steady deterioration of older sewage and sewer systems and wastewater treatment plants endangers the availability and quality of uncontaminated water resources of the State, thereby posing a grave danger to the health, safety and welfare of the residents of the concerned communities and the State; that the construction, rehabilitation, operation, and maintenance of modern and efficient sewer systems and wastewater treatment plants are essential to protecting and improving the State's water quality; that in addition to protecting and improving water quality, adequate wastewater treatment systems are essential to economic growth and development; that many of the wastewater treatment systems in New Jersey must be replaced or upgraded if an inexorable decline in water quality is to be avoided during the coming decades; that the United States Congress in recognition of the crucial role wastewater treatment systems and plants play in maintaining and improving water quality, and with an understanding that the cost of financing and constructing these systems must be borne by local governments and authorities with limited sources of revenues, established in the "Federal Water Pollution Control Act Amendments of 1972," Pub.L.92-500 (33 U.S.C. s.1251 et al.) a program to provide local governments with grants for constructing these systems; that during the last several years the amount of federal grant money available to states and local governments for assistance in constructing and improving wastewater treatment systems has sharply diminished; that the current level of federal grant funding is inadequate to meet the cost of upgrading the State's wastewater treatment capacity to comply with State water quality standards; that the collective needs of the State and local governments for capital financing of wastewater treatment systems far exceed the sums of money presently available through revenue initiatives and State and federal aid programs; and that it is fitting and proper for the State to encourage local governments to undertake wastewater treatment projects through the establishment of a State mechanism to provide loans at the lowest reasonable interest rates and to guarantee or insure local capital improvement bonds.

- b. The Legislature finds that stormwater runoff and combined sewer overflows are among the major sources of ocean pollution, contributing to beach closings; that combined sewer systems discharge untreated wastewater and stormwater into rivers, streams and coastal waters during wet weather, resulting in water pollution; that some combined sewer systems have deteriorated to the point that overflows occur regularly, even during dry weather; that many sewer systems are on inadequate repair and replacement programs, which may cause disturbances at sewage treatment plants; that many municipalities are under building moratoriums due to the inadequacy of their sewage and stormwater collection systems, which severely affect municipal budgets; and that large unmet capital expenses exist for combined sewer system separation and abatement projects.

The Legislature further finds that funding at the federal level for wastewater treatment, stormwater management and combined sewer system rehabilitation projects is insufficient; that State funds available for these projects are inadequate to meet current needs; that local revenues are insufficient to meet these expenses; and that additional funding at the State level is necessary to meet this financial obligation.

c. The Legislature finds that construction, rehabilitation, operation and maintenance of modern and efficient water supply facilities are essential to protecting and improving the State's water quality; that the citizens of this State, in recognition of the crucial role the construction of new and the upgrading of existing water supply facilities play in maintaining and augmenting the natural water resources of the State, and with an understanding that the cost of financing and constructing these systems is beyond the limited financial resource capabilities of local governments and authorities and must be subsidized by the State and repaid through a system of water supply user charges, approved the enactment of the "Water Supply Bond Act of 1981" (P.L.1981, c.261); that the water supply needs of the State are so great that the funds allocated for this purpose from the "Water Supply Fund" established by that 1981 bond act should be augmented and maximized, to the extent practicable, through the use of alternative methods of State financing to offset the costs of water supply projects and for the construction of new or the rehabilitation of antiquated or inadequate existing water supply facilities ; that the United States Congress in recognition of the essential role that safe drinking water plays in protecting the public health, and with an understanding that financing, constructing and maintaining water systems that meet the requirements of the "Safe Drinking Water Act," 42 U.S.C. s.300f et seq. exceed the financial and technical capacity of the operators of some water systems, has established in the "Safe Drinking Water Act Amendments of 1996," P.L.104-182, a program to provide public water systems with financial assistance to meet national primary drinking water regulations or to otherwise further the health protection objectives of the federal law and that the State must, in order to make use of the federal funds, provide State funds for the program; and therefore, State funding for the program is necessary to meet this financial obligation .

d. The Legislature therefore determines that it is in the public interest to establish a State authority authorized to issue bonds, notes and other obligations and to establish any reserve funds necessary therefor, and to make loans to and guarantee debt incurred by local government units for environmental infrastructure projects.

4. Section 3 of P.L.1985, c.334 (C.58:11B-3) is amended to read as follows:

C.58:11B-3 Definitions.

3. As used in sections 1 through 27 of P.L.1985, c.334 (C.58:11B-1 through 58:11B-27) and sections 23 through 27 of P.L.1997, c.224 (C.58:11B-10.1 et al.):

"Bonds" means bonds issued by the trust pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.);

"Combined sewer system" means a sewer system designed to carry sanitary wastewater at all times, which is also designed to collect and transport stormwater runoff from streets and other sources, thereby serving a combined purpose;

"Combined sewer overflow" means the discharge of untreated or partially treated stormwater runoff and wastewater from a combined sewer system into a body of water;

"Commissioner" means the Commissioner of the Department of Environmental Protection;

"Cost" means the cost of all labor, materials, machinery and equipment, lands, property, rights and easements, financing charges, interest on bonds, notes or other obligations, plans and specifications, surveys or estimates of costs and revenues, engineering and legal services, and all other expenses necessary or incident to all or part of an environmental infrastructure project;

"Department" means the Department of Environmental Protection;

"Local government unit" means (1) a county, municipality, municipal or county sewerage or utility authority, municipal sewerage district, joint meeting, improvement authority, or any other political subdivision authorized to construct, operate and maintain wastewater treatment systems; or (2) a State authority, district water supply commission, county, municipality, municipal or county utilities authority, municipal water district, joint meeting or any other political subdivision

of the State authorized pursuant to law to operate or maintain a public water supply system or to construct, rehabilitate, operate or maintain water supply facilities or otherwise provide water for human consumption;

"Notes" means notes issued by the trust pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.);

"Project" or "environmental infrastructure project" means the acquisition, construction, improvement, repair or reconstruction of all or part of any structure, facility or equipment, or real or personal property necessary for or ancillary to any (1) wastewater treatment system project, including any stormwater management or combined sewer overflow abatement projects; or (2) water supply project, as authorized pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.);

"Public water utility" means any investor-owned water company or small water company that is subject to the jurisdiction or rate regulation of the Board of Public Utilities as a public utility;

"Small water company" means any company, purveyor or entity, other than a governmental agency, that provides water for human consumption and which regularly serves less than 1,000 customer connections;

"Stormwater management system" means any equipment, plants, structures, machinery, apparatus, management practices, or land, or any combination thereof, acquired, used, constructed, implemented or operated by a local government unit to prevent nonpoint source pollution, abate improper cross-connections and interconnections between stormwater and sewer systems, minimize stormwater runoff, reduce soil erosion, or induce groundwater recharge, or any combination thereof;

"Trust" means the New Jersey Environmental Infrastructure Trust created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4);

"Wastewater" means residential, commercial, industrial, or agricultural liquid waste, sewage, septage, stormwater runoff, or any combination thereof, or other liquid residue discharged or collected into a sewer system or stormwater management system, or any combination thereof;

"Wastewater treatment system" means any equipment, plants, structures, machinery, apparatus, or land, or any combination thereof, acquired, used, constructed or operated by, or on behalf of, a local government unit for the storage, collection, reduction, recycling, reclamation, disposal, separation, or other treatment of wastewater or sewage sludge, or for the collection or treatment, or both, of stormwater runoff and wastewater, or for the final disposal of residues resulting from the treatment of wastewater, including, but not limited to, pumping and ventilating stations, treatment plants and works, connections, outfall sewers, interceptors, trunk lines, stormwater management systems, and other personal property and appurtenances necessary for their use or operation; "wastewater treatment system" shall include a stormwater management system or a combined sewer system;

"Wastewater treatment system project" means any work relating to the acquisition, construction, improvement, repair or reconstruction of all or part of any structure, facility or equipment, or real or personal property necessary for or ancillary to any wastewater treatment system that meets the requirements set forth in sections 20, 21 and 22 of P.L.1985, c.334 (C.58:11B-20, 58:11B-21 and 58:11B-22); or any work relating to any of the stormwater management or combined sewer overflow abatement projects identified in the stormwater management and combined sewer overflow abatement project priority list adopted by the commissioner pursuant to section 28 of P.L.1989, c.181; or any work relating to any other project eligible for financing under the Federal Water Pollution Control Act Amendments of 1972 (33 U.S.C. s.1251 et seq.), or any amendatory or supplementary acts thereto;

"Water supply facilities" means and refers to the real property and the plants, structures, interconnections between existing water supply facilities, machinery and equipment and other property, real, personal and mixed, acquired, constructed or operated, or to be acquired, constructed or operated, in whole or in part, by or on behalf of a public water utility, or by or on behalf of the State or a local government unit, for the purpose of augmenting the natural water resources of the State and making available an increased supply of water for all uses, or of conserving existing water resources, and any and all appurtenances necessary, useful or convenient for the collecting, impounding, storing, improving, treating, filtering, conserving or

transmitting of water, and for the preservation and protection of these resources and facilities, whether in public or private ownership, and providing for the conservation and development of future water supply resources, and facilitating incidental recreational uses thereof;

"Water supply project" means any work relating to the acquisition, construction, improvement, repair or reconstruction of all or part of any structure, facility or equipment, or real or personal property necessary for or ancillary to water supply facilities that meets the requirements set forth in sections 24, 25 and 26 of P.L.1997, c.224 (C.58:11B-20.1, C.58:11B-21.1 and C.58:11B-22.1); or any work relating to the purposes set forth in section 4 of P.L.1981, c.261.

5. Section 4 of P.L.1985, c.334 (C.58:11B-4) is amended to read as follows:

C.58:11B-4 "New Jersey Environmental Infrastructure Trust."

4. a. There is established in, but not of, the Department of Environmental Protection a body corporate and politic, with corporate succession, to be known as the "New Jersey Environmental Infrastructure Trust." The trust is constituted as an instrumentality of the State exercising public and essential governmental functions, no part of whose revenues shall accrue to the benefit of any individual, and the exercise by the trust of the powers conferred by the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), shall be deemed and held to be an essential governmental function of the State.

b. The trust shall consist of a seven-member board of directors composed of the State Treasurer, the Commissioner of the Department of Community Affairs, and the Commissioner of the Department of Environmental Protection, who shall be members ex officio; one person appointed by the Governor upon the recommendation of the President of the Senate and one person appointed by the Governor upon the recommendation of the Speaker of the General Assembly, who shall serve during the two-year legislative term in which they are appointed; and two residents of the State appointed by the Governor with the advice and consent of the Senate, who shall serve for terms of four years, except that the first two appointed shall serve terms of two and three years respectively. Each appointed director shall serve until his successor has been appointed and qualified. A director is eligible for reappointment. Any vacancy shall be filled in the same manner as the original appointment, but for the unexpired term only.

With respect to those public members first appointed by the Governor, the appointment of each of the two members upon the advice and consent of the Senate shall become effective 30 days after their nomination by the Governor if the Senate has not given advice and consent on those nominations within that time period; the President of the Senate and the Speaker of the General Assembly each shall recommend to the Governor a public member for appointment within 20 days following the effective date of this act, and a recommendation made in this manner shall become effective if the Governor makes the appointment in accordance with the recommendation, in writing, within 10 days of the Governor's receipt thereof. In each instance where the Governor fails to make the appointment, the President of the Senate and the Speaker of the General Assembly shall make new recommendations subject to appointment by the Governor as determined in this section.

c. Each appointed director may be removed from office by the Governor for cause, upon the Governor's consideration of the findings and recommendations of an administrative law judge after a public hearing before the judge, and may be suspended by the Governor pending the completion of the hearing. Each director, before entering upon his duties, shall take and subscribe an oath to perform the duties of his office faithfully, impartially and justly to the best of his ability. A record of oaths shall be filed in the office of the Secretary of State.

d. The Governor shall designate one of the appointed members to be the chairman and chief executive officer of the trust and the directors shall biannually elect a vice-chairman from among the appointed directors. The chairman shall serve as such for a term of two years and until a successor has been designated. A chairman shall be eligible to succeed himself for one additional two-year term. The directors shall elect a secretary and treasurer, who need not be directors, and the same person may be elected to serve as both secretary and treasurer.

The powers of the trust are vested in the directors in office from time to time and four

directors shall constitute a quorum at any meeting. Action may be taken and motions and resolutions adopted by the trust by the affirmative majority vote of those directors present, but in no event shall any action be taken or motions or resolutions adopted without the affirmative vote of at least four members. No vacancy on the board of directors of the trust shall impair the right of a quorum of the directors to exercise the powers and perform the duties of the trust.

e. Each director and the treasurer of the trust shall execute a bond to be conditioned upon the faithful performance of the duties of the director or treasurer in a form and amount as may be prescribed by the State Treasurer. Bonds shall be filed in the office of the Secretary of State. At all times thereafter, the directors and treasurer shall maintain these bonds in full effect. All costs of the bonds shall be borne by the trust.

f. The directors of the trust shall serve without compensation, but the trust shall reimburse the directors for actual and necessary expenses incurred in the performance of their duties. Notwithstanding the provisions of any other law to the contrary, no officer or employee of the State shall be deemed to have forfeited or shall forfeit his office or employment or any benefits or emoluments thereof by reason of his acceptance of the office of ex officio director of the trust or his services thereon.

g. Each ex officio director may designate an officer of his department to represent him at meetings of the trust. Each designee may lawfully vote and otherwise act on behalf of the director for whom he constitutes the designee. The designation shall be delivered in writing to the trust and shall continue in effect until revoked or amended in writing and delivered to the trust.

h. The trust may be dissolved by law; provided the trust has no debts or obligations outstanding or that provision has been made for the payment or retirement of these debts or obligations. The trust shall continue in existence until dissolved by act of the Legislature. Upon any dissolution of the trust all property, funds and assets of the trust shall be vested in the State.

i. A true copy of the minutes of every meeting of the trust shall be forthwith delivered by and under the certification of the secretary thereof to the Governor and at the same time to the Senate and General Assembly. The time and act of this delivery shall be duly recorded on a delivery receipt. No action taken or motion or resolution adopted at a meeting by the trust shall have effect until 10 days, exclusive of Saturdays, Sundays and public holidays, after a copy of the minutes has been delivered to the Governor, unless during the 10-day period the Governor shall approve all or part of the actions taken or motions or resolutions adopted, in which case the action or motion or resolution shall become effective upon the approval.

If, in the 10-day period, the Governor returns the copy of the minutes with a veto of any action taken by the trust or any member thereof at that meeting, the action shall be of no effect. The Senate or General Assembly shall have the right to provide written comments concerning the minutes to the Governor within the 10-day period, which comments shall be returned to the trust by the Governor with his approval or veto of the minutes.

The powers conferred in this subsection upon the Governor shall be exercised with due regard for the rights of the holders of bonds, notes and other obligations of the trust at any time outstanding, and nothing in, or done pursuant to, this subsection shall in any way limit, restrict or alter the obligation or powers of the trust or any representative or officer of the trust to carry out and perform each covenant, agreement or contract made or entered into by or on behalf of the trust with respect to its bonds, notes or other obligations or for the benefit, protection or security of the holders thereof.

j. No resolution or other action of the trust providing for the issuance of bonds, refunding bonds, notes or other obligations shall be adopted or otherwise made effective by the trust without the prior approval in writing of the Governor and the State Treasurer. The trust shall provide the Senate and General Assembly with written notice of any request for approval of the Governor and State Treasurer at the time the request is made, and shall also provide the Senate and General Assembly written notice of the response of the Governor and State Treasurer at the time that the response is received by the trust.

6. Section 5 of P.L.1985, c.334 (C.58:11B-5) is amended to read as follows:

C.58:11B-5 Powers of trust.

5. Except as otherwise limited by the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), the trust may:

a. Make and alter bylaws for its organization and internal management and, subject to agreements with holders of its bonds, notes or other obligations, make rules and regulations with respect to its operations, properties and facilities;

b. Adopt an official seal and alter it;

c. Sue and be sued;

d. Make and enter into all contracts, leases and agreements necessary or incidental to the performance of its duties and the exercise of its powers under the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), and subject to any agreement with the holders of the trust's bonds, notes or other obligations, consent to any modification, amendment or revision of any contract, lease or agreement to which the trust is a party;

e. Enter into agreements or other transactions with and accept, subject to the provisions of section 23 of P.L.1985, c.334 (C.58:11B-23), grants, appropriations and the cooperation of the State, or any State agency, in furtherance of the purposes of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), and do anything necessary in order to avail itself of that aid and cooperation;

f. Receive and accept aid or contributions from any source of money, property, labor or other things of value, to be held, used and applied to carry out the purposes of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), subject to the conditions upon which that aid and those contributions may be made, including, but not limited to, gifts or grants from any department or agency of the State, or any State agency, for any purpose consistent with the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), subject to the provisions of section 23 of P.L.1985, c.334 (C.58:11B-23);

g. Acquire, own, hold, construct, improve, rehabilitate, renovate, operate, maintain, sell, assign, exchange, lease, mortgage or otherwise dispose of real and personal property, or any interest therein, in the exercise of its powers and the performance of its duties under the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.);

h. Appoint and employ an executive director and any other officers or employees as it may require for the performance of its duties, without regard to the provisions of Title 11A of the New Jersey Statutes;

i. Borrow money and issue bonds, notes and other obligations, and secure the same, and provide for the rights of the holders thereof as provided in the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.);

j. Subject to any agreement with holders of its bonds, notes or other obligations, invest moneys of the trust not required for immediate use, including proceeds from the sale of any bonds, notes or other obligations, in any obligations, securities and other investments in accordance with the rules and regulations of the State Investment Council or as may otherwise be approved by the Director of the Division of Investment in the Department of the Treasury upon a finding that such investments are consistent with the corporate purposes of the trust;

k. Procure insurance to secure the payment of its bonds, notes or other obligations or the payment of any guarantees or loans made by it in accordance with the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), or against any loss in connection with its property and other assets and operations, in any amounts and from any insurers as it deems desirable;

l. Engage the services of attorneys, accountants, engineers, and financial experts and any other advisors, consultants, experts and agents as may be necessary in its judgment and fix their compensation;

m. (1) Make and contract to make loans to local government units to finance the cost of wastewater treatment system projects or water supply projects and acquire and contract to acquire notes, bonds or other obligations issued or to be issued by local government units to evidence the loans, all in accordance with the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.);

(2) Make and contract to make loans to public water utilities to finance the cost of water

supply projects in accordance with the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.);

n. Subject to any agreement with holders of its bonds, notes or other obligations, purchase bonds, notes and other obligations of the trust and hold the same for resale or provide for the cancellation thereof, all in accordance with the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.);

o. (1) Charge to and collect from local government units or public water utilities any fees and charges in connection with the trust's loans, guarantees or other services, including, but not limited to, fees and charges sufficient to reimburse the trust for all reasonable costs necessarily incurred by it in connection with its financings and the establishment and maintenance of reserve or other funds, as the trust may determine to be reasonable. The fees and charges shall be in accordance with a uniform schedule published by the trust for the purpose of providing actual cost reimbursement for the services rendered;

(2) Any fees and charges collected by the trust pursuant to this subsection may be deposited and maintained in a fund separate from any other funds held by the trust pursuant to section 10 of P.L.1985, c.334 (C.58:11B-10) or section 23 of P.L.1997, c.224 (C.58:11B-10.1 et al.) and shall be available for any corporate purposes of the trust;

p. Subject to any agreement with holders of its bonds, notes or other obligations, obtain as security or to provide liquidity for payment of all or any part of the principal of and interest and premium on the bonds, notes and other obligations of the trust or for the purchase upon tender or otherwise of the bonds, notes or other obligations, lines of credit, letters of credit and other security agreements or instruments in any amounts and upon any terms as the trust may determine, and pay any fees and expenses required in connection therewith;

q. Provide to local government units any financial and credit advice as these local government units may request;

r. Make payments to the State from any moneys of the trust available therefor as may be required pursuant to any agreement with the State or act appropriating moneys to the trust; and

s. Take any action necessary or convenient to the exercise of the foregoing powers or reasonably implied therefrom.

7. Section 6 of P.L.1985, c.334 (C.58:11B-6) is amended to read as follows:

C.58:11B-6 Issuance of bonds, notes, other obligations.

6. a. Except as may be otherwise expressly provided in the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), the trust may from time to time issue its bonds, notes or other obligations in any principal amounts as in the judgment of the trust shall be necessary to provide sufficient funds for any of its corporate purposes, including the payment, funding or refunding of the principal of, or interest or redemption premiums on, any bonds, notes or other obligations issued by it, whether the bonds, notes or other obligations or the interest or redemption premiums thereon to be funded or refunded have or have not become due, the establishment or increase of reserves or other funds to secure or to pay the bonds, notes or other obligations or interest thereon and all other costs or expenses of the trust incident to and necessary to carry out its corporate purposes and powers.

b. Whether or not the bonds, notes or other obligations of the trust are of a form and character as to be negotiable instruments under the terms of Title 12A of the New Jersey Statutes, the bonds, notes and other obligations are made negotiable instruments within the meaning of and for the purposes of Title 12A of the New Jersey Statutes, subject only to the provisions of the bonds, notes and other obligations for registration.

c. Bonds, notes or other obligations of the trust shall be authorized by a resolution or resolutions of the trust and may be issued in one or more series and shall bear any date or dates, mature at any time or times, bear interest at any rate or rates of interest per annum, be in any denomination or denominations, be in any form, either coupon, registered or book entry, carry any conversion or registration privileges, have any rank or priority, be executed in any manner, be payable in any coin or currency of the United States which at the time of payment is legal tender for the payment of public and private debts, at any place or places within or without the

State, and be subject to any terms of redemption by the trust or the holders thereof, with or without premium, as the resolution or resolutions may provide. A resolution of the trust authorizing the issuance of bonds, notes or other obligations may provide that the bonds, notes or other obligations be secured by a trust indenture between the trust and a trustee, vesting in the trustee any property, rights, powers and duties in trust consistent with the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) as the trust may determine.

d. Bonds, notes or other obligations of the trust may be sold at any price or prices and in any manner as the trust may determine. Each bond, note or other obligation shall mature and be paid not later than 20 years from the effective date thereof, or the certified useful life of the project or projects to be financed by the bonds, whichever is less.

All bonds of the trust shall be sold at such price or prices and in such manner as the trust shall determine, after notice of sale, a summary of which shall be published at least once in at least three newspapers published in the State of New Jersey, and at least once in a publication carrying municipal bond notices and devoted primarily to financial news, published in New Jersey or the city of New York, the first notice to be at least five days prior to the day of bidding. The notice of sale may contain a provision to the effect that any or all bids made in pursuance thereof may be rejected. In the event of such rejection or of failure to receive any acceptable bid, the trust, at any time within 60 days from the date of such advertised sale, may sell such bonds at private sale upon terms not less favorable to the State than the terms offered by any rejected bid. The trust may sell all or part of the bonds of any series as issued to any State fund or to the federal government or any agency thereof, at private sale, without advertisement.

e. Bonds, notes or other obligations of the trust may be issued under the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) without obtaining the consent of any department, division, board, bureau or agency of the State, and without any other proceedings or the happening of any other conditions or things, other than those consents, proceedings, conditions or things which are specifically required by P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.).

f. Bonds, notes or other obligations of the trust issued under the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) shall not be a debt or liability of the State or of any political subdivision thereof other than the trust and shall not create or constitute any indebtedness, liability or obligation of the State or any political subdivision, but all these bonds, notes and other obligations, unless funded or refunded by bonds, notes or other obligations, shall be payable solely from revenues or funds pledged or available for their payment as authorized in P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.). Each bond, note and obligation shall contain on its face a statement to the effect that the trust is obligated to pay the principal thereof or the interest thereon only from its revenues, receipts or funds pledged or available for their payment as authorized in P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), and that neither the State, nor any political subdivision thereof, is obligated to pay the principal or interest and that neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, is pledged to the payment of the principal of or the interest on the bonds, notes or other obligations.

g. The aggregate principal amount of bonds, notes or other obligations, including subordinated indebtedness of the trust, shall not exceed \$1,000,000,000.00. In computing the foregoing limitations there shall be excluded all the bonds, notes or other obligations, including subordinated indebtedness of the trust, which shall be issued for refunding purposes, whenever the refunding shall be determined to result in a debt service savings, as hereinafter provided:

(1) Upon the decision by the trust to issue refunding bonds, and prior to the sale of those bonds, the trust shall transmit to the Joint Appropriations Committee's Subcommittee on Transfers, or its successor, a report that a decision has been made, reciting the basis on which the decision was made, including an estimate of the debt service savings to be achieved and the calculations upon which the trust relied when making the decision to issue refunding bonds. The report shall also disclose the intent of the trust to issue and sell the refunding bonds at public or private sale and the reasons therefor.

(2) The Joint Appropriations Committee's Subcommittee on Transfers shall have the authority to approve or disapprove the sales of refunding bonds as included in each report submitted in accordance with paragraph (1) of this subsection. The subcommittee shall notify the trust in writing of the approval or disapproval as expeditiously as possible.

(3) No refunding bonds shall be issued unless the report has been submitted to and approved by the Joint Appropriations Committee's Subcommittee on Transfers as set forth in paragraphs (1) and (2) of this subsection.

(4) Within 30 days after the sale of the refunding bonds, the trust shall notify the Subcommittee on Transfers of the result of that sale, including the prices and terms, conditions and regulations concerning the refunding bonds, the actual amount of debt service savings to be realized as a result of the sale of refunding bonds, and the intended use of the proceeds from the sale of those bonds.

(5) The subcommittee shall review all information and reports submitted in accordance with this subsection and may, on its own initiative, make observations to the trust, or to the Legislature, or both, as it deems appropriate.

h. Each issue of bonds, notes or other obligations of the trust may, if it is determined by the trust, be general obligations thereof payable out of any revenues, receipts or funds of the trust, or special obligations thereof payable out of particular revenues, receipts or funds, subject only to any agreements with the holders of bonds, notes or other obligations, and may be secured by one or more of the following:

(1) Pledge of revenues and other receipts to be derived from the payment of the interest on and principal of notes, bonds or other obligations issued to the trust by one or more local government units, and any other payment made to the trust pursuant to agreements with any local government units, or a pledge or assignment of any notes, bonds or other obligations of any local government unit and the rights and interest of the trust therein;

(2) Pledge of rentals, receipts and other revenues to be derived from leases or other contractual arrangements with any person or entity, public or private, including one or more local government units, or a pledge or assignment of those leases or other contractual arrangements and the rights and interest of the trust therein;

(3) Pledge of all moneys, funds, accounts, securities and other funds, including the proceeds of the bonds, notes or other obligations;

(4) Pledge of the receipts to be derived from the payments of State aid, payable to the trust pursuant to section 12 of P.L.1985, c.334 (C.58:11B-12);

(5) A mortgage on all or any part of the property, real or personal, of the trust then owned or thereafter to be acquired, or a pledge or assignment of mortgages made to the trust by any person or entity, public or private, including one or more local government units and the rights and interest of the trust therein.

i. The trust shall not issue any bonds, notes or other obligations, or otherwise incur any additional indebtedness, on or after November 5, 2005.

j. (Deleted by amendment, P.L.1996, c.88).

8. Section 7 of P.L.1985, c.334 (C.58:11B-7) is amended to read as follows:

C.58:11B-7 Covenants by trust.

7. In any resolution of the trust authorizing or relating to the issuance of any of its bonds, notes or other obligations, the trust, in order to secure the payment of the bonds, notes or other obligations and in addition to its other powers, may by provisions therein which shall constitute covenants by the trust and contracts with the holders of the bonds, notes or other obligations:

a. Secure the bonds, notes or other obligations as provided in section 6 of P.L.1985, c.334 (C.58:11B-6);

b. Covenant against pledging all or part of its revenues or receipts;

c. Covenant with respect to limitations on any right to sell, mortgage, lease or otherwise dispose of any notes, bonds or other obligations of local government units, or any part thereof, or any property of any kind;

d. Covenant as to any bonds, notes or other obligations to be issued by the trust, and the

limitations thereon, and the terms and conditions thereof, and as to the custody, application, investment and disposition of the proceeds thereof;

e. Covenant as to the issuance of additional bonds, notes or other obligations of the trust or as to limitations on the issuance of additional bonds, notes or other obligations and on the incurring of other debts by it;

f. Covenant as to the payment of the principal of or interest on bonds, notes or other obligations of the trust, as to the sources and methods of payment, as to the rank or priority of the bonds, notes or other obligations with respect to any lien or security or as to the acceleration of the maturity of the bonds, notes or other obligations;

g. Provide for the replacement of lost, stolen, destroyed or mutilated bonds, notes or other obligations of the trust;

h. Covenant against extending the time for the payment of bonds, notes or other obligations of the trust or interest thereon;

i. Covenant as to the redemption of bonds, notes and other obligations by the trust or the holders thereof and privileges of exchange thereof for other bonds, notes or other obligations of the trust;

j. Covenant to create or authorize the creation of special funds or accounts to be held in trust or otherwise for the benefit of holders of bonds, notes and other obligations of the trust, or reserves for other purposes and as to the use, investment, and disposition of moneys held in those funds, accounts or reserves;

k. Provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation and prescribe the events of default and terms and conditions upon which any or all of the bonds, notes or other obligations of the trust shall become or may be declared due and payable before maturity and the terms and conditions upon which the declaration and its consequences may be waived;

l. Vest in a trustee or trustees within or without the State any property, rights, powers and duties in trust as the trust may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds, notes or other obligations of the trust pursuant to section 18 of P.L.1985, c.334 (C.58:11B-18), including rights with respect to the sale or other disposition of notes, bonds or other obligations of local government units pledged pursuant to a resolution or trust indenture for the benefit of the holders of bonds, notes or other obligations of the trust and the right by suit or action to foreclose any mortgage pledged pursuant to the resolution or trust indenture for the benefit of the holders of the bonds, notes or other obligations, and to limit or abrogate the right of the holders of any bonds, notes or other obligations of the trust to appoint a trustee under the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), and to limit the rights, duties and powers of the trustee;

m. Pay the costs or expenses incident to the enforcement of the bonds, notes or other obligations of the trust or of the provisions of the resolution authorizing the issuance of those bonds, notes or other obligations or of any covenant or agreement of the trust with the holders of the bonds, notes or other obligations;

n. Limit the rights of the holders of any bonds, notes or other obligations of the trust to enforce any pledge or covenant securing the bonds, notes or other obligations; and

o. Make covenants other than or in addition to the covenants authorized by P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) of like or different character, and make covenants to do or refrain from doing any acts and things as may be necessary, or convenient and desirable, in order to better secure the bonds, notes or other obligations of the trust, or which, in the absolute discretion of the trust, would make the bonds, notes or other obligations more marketable, notwithstanding that the covenants, acts or things may not be enumerated herein.

9. Section 9 of P.L.1985, c.334 (C.58:11B-9) is amended to read as follows:

C.58:11B-9 Loans to local government units.

9. a. (1) The trust may make and contract to make loans to local government units in

accordance with and subject to the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) to finance the cost of any wastewater treatment system project or water supply project, which the local government unit may lawfully undertake or acquire and for which the local government unit is authorized by law to borrow money.

(2) The trust may make and contract to make loans to public water utilities in accordance with and subject to the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) to finance the cost of any water supply project, which the public water utility may lawfully undertake or acquire.

The loans may be made subject to those terms and conditions as the trust shall determine to be consistent with the purposes thereof. Each loan by the trust and the terms and conditions thereof shall be subject to approval by the State Treasurer, and the trust shall make available to the State Treasurer all information, statistical data and reports of independent consultants or experts as the State Treasurer shall deem necessary in order to evaluate the loan. Each loan to a local government unit or public water utility shall be evidenced by notes, bonds or other obligations thereof issued to the trust. In the case of each local government unit, notes and bonds to be issued to the trust by the local government unit (1) shall be authorized and issued as provided by law for the issuance of notes and bonds by the local government unit, (2) shall be approved by the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs, and (3) notwithstanding the provisions of N.J.S.40A:2-27, N.J.S.40A:2-28 and N.J.S.40A:2-29 or any other provisions of law to the contrary, may be sold at private sale to the trust at any price, whether or not less than par value, and shall be subject to redemption prior to maturity at any times and at any prices as the trust and local government units may agree. Each loan to a local government unit or public water utility and the notes, bonds or other obligations thereby issued shall bear interest at a rate or rates per annum as the trust and the local government unit or public water utility, as the case may be, may agree.

b. The trust is authorized to guarantee or contract to guarantee the payment of all or any portion of the principal and interest on bonds, notes or other obligations issued by a local government unit to finance the cost of any wastewater treatment system project or water supply project, which the local government unit may lawfully undertake or acquire and for which the local government unit is authorized by law to borrow money, and the guarantee shall constitute an obligation of the trust for the purposes of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.). Each guarantee by the trust and the terms and conditions thereof shall be subject to approval by the State Treasurer, and the trust shall make available to the State Treasurer all information, statistical data and reports of independent consultants or experts as the State Treasurer shall deem necessary in order to evaluate the guarantee.

c. The trust shall not make or contract to make any loans or guarantees to local government units or public water utilities, or otherwise incur any additional indebtedness, on or after November 5, 2005.

10. Section 10 of P.L.1985, c.334 (C.58:11B-10) is amended to read as follows:

C.58:11B-10 "Wastewater treatment system general loan fund."

10. The trust shall create and establish a special fund to be known as the "wastewater treatment system general loan fund."

Subject to the provisions of the legislation appropriating moneys to the trust, subject to any other provision of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) providing otherwise, and subject to agreements with the holders of bonds, notes and other obligations of the trust, the trust shall deposit into the wastewater treatment system general loan fund all revenues and receipts of the trust, including moneys received by the trust as payment of the principal of and the interest or premium on loans made from moneys in any wastewater treatment system fund or account held by the trust under P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), and the earnings on the moneys in any wastewater treatment system fund or account of the trust, and all grants, appropriations, other than those referred to in section 11 of P.L.1985, c.334 (C.58:11B-11), contributions, or other moneys from any source, available for the making of loans to local government units. The amounts in the

wastewater treatment system general loan fund shall be available for application by the trust for loans to local government units for the cost of wastewater treatment system projects, and for other corporate purposes of the trust related to wastewater treatment systems, subject to agreements with the holders of bonds, notes or other obligations of the trust.

11. Section 13 of P.L.1985, c.334 (C.58:11B-13) is amended to read as follows:

C.58:11B-13 No personal liability.

13. Neither the directors of the trust nor any person executing bonds, notes or other obligations of the trust issued pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) shall be liable personally on the bonds, notes or other obligations by reason of the issuance thereof.

12. Section 14 of P.L.1985, c.334 (C.58:11B-14) is amended to read as follows:

C.58:11B-14 Pledge to bondholders.

14. The State does pledge to and covenant and agree with the holders of any bonds, notes or other obligations of the trust issued pursuant to authorization of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) that the State shall not limit or alter the rights or powers vested in the trust to perform and fulfill the terms of any agreement made with the holders of the bonds, notes or other obligations or to fix, establish, charge and collect any rents, fees, rates, payments or other charges as may be convenient or necessary to produce sufficient revenues to meet all expenses of the trust and to fulfill the terms of any agreement made with the holders of bonds, notes or other obligations, including the obligations to pay the principal of and interest and premium on those bonds, notes or other obligations, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of the holders, and shall not limit or alter the rights and powers of any local government unit to pay and perform its obligations owed to the trust in connection with loans received from the trust, until the bonds, notes and other obligations of the trust, together with interest thereon, are fully met and discharged or provided for.

13. Section 15 of P.L.1985, c.334 (C.58:11B-15) is amended to read as follows:

C.58:11B-15 Authorized investment.

15. The State and all public officers, governmental units and agencies thereof, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds, notes or other obligations issued pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), and those bonds, notes or other obligations shall be authorized security for any and all public deposits.

14. Section 17 of P.L.1985, c.334 (C.58:11B-17) is amended to read as follows:

C.58:11B-17 Tax exemption.

17. All property of the trust is declared to be public property devoted to an essential public and governmental function and purpose and the revenues, income and other moneys received or to be received by the trust shall be exempt from all taxes of the State or any political subdivision thereof. All bonds, notes and other obligations of the trust issued pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) are declared to be issued by a body corporate and politic of the State and for an essential public and governmental purpose and those bonds, notes and other obligations, and interest thereon and the income therefrom and from the sale, exchange or other transfer thereof shall at all times be exempt from taxation,

except for transfer inheritance and estate taxes.

15. Section 18 of P.L.1985, c.334 (C.58:11B-18) is amended to read as follows:

C.58:11B-18 Default.

18. a. If the trust defaults in the payment of principal of, or interest on, any issue of its bonds, notes or other obligations after these are due, whether at maturity or upon call for redemption, and the default continues for a period of 30 days or if the trust defaults in any agreement made with the holders of any issue of bonds, notes or other obligations, the holders of 25% in aggregate principal amount of the bonds, notes or other obligations of the issue then outstanding, by instrument or instruments filed in the office of the clerk of any county in which the trust operates and has an office and proved or acknowledged in the same manner as required for a deed to be recorded, may direct a trustee to represent the holders of the bonds, notes or other obligations of the issuers for the purposes herein provided.

b. Upon default, the trustee may, and upon written request of the holders of 25% in principal amount of the bonds, notes or other obligations of the trust of a particular issue then outstanding shall, in his or its own name:

(1) By suit, action or proceeding enforce all rights of the holders of bonds, notes or other obligations of the issue, to require the trust to carry out any other agreements with the holders of the bonds, notes or other obligations of the issue and to perform its duties under P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.);

(2) Bring suit upon the bonds, notes or other obligations of the issue;

(3) By action or suit, require the trust to account as if it were the trustee of an express trust for the holders of the bonds, notes or other obligations of the issue;

(4) By action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the bonds, notes or other obligations of the issue;

(5) Sell or otherwise dispose of bonds and notes of local government units pledged pursuant to resolution or trust indenture for benefit of holders of bonds, notes, or other obligations of the issue on any terms as resolution or trust indenture may provide;

(6) By action or suit, foreclose any mortgage pledged pursuant to the resolution or trust indenture for the benefit of the holders of the bonds, notes or other obligations of the issue;

(7) Declare all bonds, notes or other obligations of the issue due and payable, and if all defaults are made good, then with the consent of the holders of 50% of the principal amount of the bonds, notes or other obligations of the issue then outstanding, to annul the declaration and its consequences.

c. The trustee shall, in addition to the foregoing, have those powers necessary or appropriate for the exercise of any function specifically set forth herein or incident to the general representation of holders of bonds, notes or other obligations of the trust in the enforcement and protection of their rights.

d. The Superior Court shall have jurisdiction over any suit, action or proceeding by the trustees on behalf of the holders of bonds, notes or other obligations of the trust. The venue of any suit, action or proceeding shall be in the county in which the principal office of the trust is located.

e. Before declaring the principal of bonds, notes or other obligations of the trust due and payable as a result of a trust default on any of its bonds, notes or other obligations, the trustee shall first give 30 days' notice in writing to the trust and to the Governor, State Treasurer, President of the Senate and Speaker of the General Assembly.

16. Section 19 of P.L.1985, c.334 (C.58:11B-19) is amended to read as follows:

C.58:11B-19 Application of trust funds.

19. Sums of money received pursuant to the authority of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), whether as proceeds from the sale of particular bonds, notes or other obligations of the trust or as particular revenues or receipts of the trust, are deemed to be trust funds, to be held and applied solely as provided in the resolution or trust

indenture under which the bonds, notes or obligations are authorized or secured. Any officer with whom or any bank or trust company with which those sums of money are deposited as trustee thereof shall hold and apply the same for the purposes thereof, subject to any provision as the aforementioned acts and the resolution or trust indenture authorizing or securing the bonds, notes or other obligations of the trust may provide.

17. Section 20 of P.L.1985, c.334 (C.58:11B-20) is amended to read as follows:

C.58:11B-20 Project priority list.

20. a. The Commissioner of Environmental Protection shall for each fiscal year develop a priority system for wastewater treatment systems and shall establish the ranking criteria and funding policies for the projects therefor. The commissioner shall set forth a project priority list for funding by the trust for each fiscal year and shall include the aggregate amount of funds of the trust to be authorized for these purposes. The project priority list may include any stormwater management or combined sewer overflow abatement project identified in the stormwater management and combined sewer overflow abatement project priority list adopted by the commissioner pursuant to section 28 of P.L.1989, c.181.

The project priority list, which shall include for each wastewater treatment system the date each project is scheduled to be certified as ready for funding, shall be in conformance with applicable provisions of the "Federal Water Pollution Control Act Amendments of 1972," Pub.L. 92-500 (33 U.S.C. s.1251 et al.), and any amendatory or supplementary acts thereto, and State law. The project priority list shall include a description of each project and its purpose, impact, cost, and construction schedule, and an explanation of the manner in which priorities were established. The priority system and project priority list for the ensuing fiscal year shall be submitted to the Legislature on or before January 15 of each year on a day when both Houses are meeting. The President of the Senate and the Speaker of the General Assembly shall cause the date of submission to be entered upon the Senate Journal and the Minutes of the General Assembly, respectively. On or before May 15 of each year, the trust shall submit the project priority list to be introduced in each House in the form of legislative appropriations bills, which shall be referred to the Senate Environment Committee and the General Assembly Agriculture and Waste Management Committee, or their successors, for their respective consideration.

b. The Senate Environment Committee and the General Assembly Agriculture and Waste Management Committee shall, either individually or jointly, consider the legislation containing the project priority list, and shall report the legislation, together with any modifications, out of committee for consideration by each House of the Legislature. On or before July 1 of each year, the Legislature shall approve an appropriations act containing the project priority list, including any amendatory or supplementary provisions thereto, which act shall include the authorization of an aggregate amount of funds of the trust to be expended for loans and guarantees for the specific projects, including the individual amounts therefor, on the list.

c. The trust shall not expend any money for a loan or guarantee during a fiscal year for any wastewater treatment system project unless the expenditure is authorized pursuant to an appropriations act in accordance with the provisions of this section.

18. Section 21 of P.L.1985, c.334 (C.58:11B-21) is amended to read as follows:

C.58:11B-21 Financial plan.

21. On or before May 15 of each year, the trust shall submit to the Legislature a financial plan designed to implement the financing of the wastewater treatment system projects on the project priority list approved pursuant to section 20 of P.L.1985, c.334 (C.58:11B-20). The financial plan shall contain an enumeration of the bonds, notes or other obligations of the trust which the trust intends to issue, including the amounts thereof and the terms and conditions thereof, a list of loans to be made to local government units, including the terms and conditions thereof and the anticipated rate of interest per annum and repayment schedule therefor, and a list of loan guarantees or contracts to guarantee the payment of all or a portion of the principal and interest on bonds, notes or other obligations issued by a local government unit to finance the cost

of a wastewater treatment system project, and the terms and conditions thereof. The financial plan shall also set forth a complete operating and financial statement covering its proposed operations during the forthcoming fiscal year, including amounts of income from all sources, and the uniform schedule of fees and charges established by the trust pursuant to subsection o. of section 5 of P.L.1985, c.334 (C.58:11B-5), and the amounts to be derived therefrom, and shall summarize the status of each wastewater treatment system project for which loans or guarantees have been made by the trust, and shall describe major impediments to the accomplishment of the planned wastewater treatment system projects.

19. Section 22 of P.L.1985, c.334 (C.58:11B-22) is amended to read as follows:

C.58:11B-22 Approval of financial plan by Legislature.

22. a. The trust shall submit the financial plan required pursuant to section 21 of P.L.1985, c.334 (C.58:11B-21) to the President of the Senate and the Speaker of the General Assembly on a day when both houses are meeting. The President and the Speaker shall cause the date of submission to be entered upon the Senate Journal and the Minutes of the General Assembly, respectively.

b. Unless the financial plan as described in the submission is approved by adoption of a concurrent resolution of both houses within the time period prescribed in this subsection, the financial plan shall be deemed disapproved and the trust shall not undertake any of the proposed activities contained therein. The President and the Speaker shall cause a concurrent resolution of approval of the trust's financial plan to be placed before the members of the respective houses for a recorded vote within the time period. The time period shall commence on the day of submission and expire on the forty-fifth day after submission or for a house not meeting on the forty-fifth day, on the next meeting day of that house.

20. Section 23 of P.L.1985, c.334 (C.58:11B-23) is amended to read as follows:

C.58:11B-23 Expenditure of funds.

23. a. No funds from State sources or State bond issues used to capitalize the trust shall be available for use by the trust unless appropriated by law to the trust.

b. No funds shall be expended by the trust for its annual operating expenses unless appropriated by law to the trust. Unless required to be otherwise applied pursuant to law, funds generated by the operation of the trust, including, but not limited to: proceeds from the sale of the trust's bonds, notes or other obligations; revenues derived from investments by the trust; loan repayments from local government units; and fees and charges levied by the trust, may thereafter be applied in accordance with the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) for any corporate purpose of the trust without appropriation; except that the funds shall only be used to make loans or guarantees approved by the Legislature in accordance with the provisions of sections 20, 21 and 22 of P.L.1985, c.334 (C.58:11B-20, 58:11B-21 and 58:11B-22), or sections 24, 25 and 26 of P.L.1997, c.224 (C.58:11B-20.1, C.58:11B-21.1 and C.58:11B-22.1).

c. The trust shall not apply for any federal funds, including funds which are authorized pursuant to the "Federal Water Pollution Control Act Amendments of 1972," Pub.L. 92-500 (33 U.S.C. s.1251 et al.), and any amendatory or supplementary acts thereto.

The trust, with the concurrence of the Commissioner of Environmental Protection, may receive, accept or utilize moneys received from local government units as repayments of principal and interest on loans made from the State Revolving Fund Accounts established pursuant to section 1 of P.L.1988, c.133.

21. Section 25 of P.L.1985, c.334 (C.58:11B-25) is amended to read as follows:

C.58:11B-25 Rules, regulations for loans, guarantees.

25. The trust shall establish the rules and regulations governing the making and use of loans or guarantees, including, but not limited to, procedures for the submission of loan guarantee

requests, standards for the evaluation of requests, provisions implementing priority systems for projects, reporting requirements of the recipient of any loan or guarantee concerning the progress and the expenditure of funds, and limitations, restrictions or requirements concerning the use of loan funds as the trust shall prescribe; provided that the rules and regulations shall be in compliance with the terms and provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) relating to the making of or eligibility for loans or guarantees for environmental infrastructure projects generally or for any particular type or class of wastewater treatment system or water supply projects.

22. Section 27 of P.L.1985, c.334 (C.58:11B-27) is amended to read as follows:

C.58:11B-27 Rules, regulations, adoption procedure.

27. The trust shall adopt such rules and regulations as it deems necessary to effectuate the purposes of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), including those required pursuant to sections 25 and 26 of P.L.1985, c.334 (C.58:11B-25 and 58:11B-26), in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

C.58:11B-10.1 "Water supply facilities general loan fund."

23. The trust shall create and establish a special fund to be known as the "water supply facilities general loan fund."

Subject to the provisions of the legislation appropriating moneys to the trust, subject to any other provision of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) providing otherwise, and subject to agreements with the holders of bonds, notes and other obligations of the trust, the trust shall deposit into the water supply facilities general loan fund all revenues and receipts of the trust, including moneys received by the trust as payment of the principal of and the interest or premium on loans made from moneys in any fund or account held by the trust under the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), and the earnings on the moneys in any fund or account of the trust, and all grants, appropriations, other than those referred to in section 11 of P.L.1985, c.334 (C.58:11B-11), contributions, or other moneys from any source, available for the making of loans to local government units or public water utilities for water supply projects. The amounts in the water supply facilities general loan fund shall be available for application by the trust for loans to local government units or public water utilities for the cost of water supply projects, and for other corporate purposes of the trust, subject to agreements with the holders of bonds, notes or other obligations of the trust.

C.58:11B-20.1 Priority system for water supply projects; policies.

24. a. The Commissioner of Environmental Protection shall for each fiscal year develop a priority system for water supply projects and shall establish the ranking criteria and funding policies therefor. The commissioner shall set forth a project priority list for funding by the trust for each fiscal year and shall include the aggregate amount of funds of the trust to be authorized for these purposes. The commissioner may include a water supply project on the project priority list if it meets the eligibility requirements for funding pursuant to the federal "Safe Drinking Water Act Amendments of 1996," Pub.L.104-182. The project priority list shall include a description of each project and an explanation of the manner in which priorities were established. The priority system and project priority list for the ensuing fiscal year shall be submitted to the Legislature on or before January 15 of each year on a day when both Houses are meeting. The President of the Senate and the Speaker of the General Assembly shall cause the date of submission to be entered upon the Senate Journal and the Minutes of the General Assembly, respectively. On or before May 15 of each year, the trust shall submit the project priority list to be introduced in each House in the form of legislative appropriations bills, which shall be referred to the Senate Natural Resources and Economic Development Committee and the General Assembly Agriculture and Waste Management Committee, or their successors, for their respective consideration.

b. The Senate Natural Resources and Economic Development Committee and the General Assembly Agriculture and Waste Management Committees shall, either individually or jointly, consider the legislation containing the project priority list, and shall report the legislation, together with any modifications, out of committee for consideration by each House of the Legislature. On or before July 1 of each year, the Legislature shall approve an appropriations act containing the project priority list, including any amendatory or supplementary provisions thereto, which act shall include the authorization of an aggregate amount of funds of the trust to be expended for loans and guarantees for the specific water supply projects, including the individual amounts therefor, on the list.

c. The trust shall not expend any money for a loan or guarantee during a fiscal year for any water supply project unless the expenditure is authorized pursuant to an appropriations act in accordance with the provisions of this section.

#### C.58:11B-21.1 Submission of financial plan to Legislature.

25. On or before May 15 of each year, the trust shall submit to the Legislature a financial plan designed to implement the financing of the water supply projects on the project priority list approved pursuant to section 24 of P.L.1997, c.224 (C.58:11B-20.1). The financial plan shall contain an enumeration of the bonds, notes or other obligations of the trust which the trust intends to issue, including the amounts thereof and the terms and conditions thereof, a list of loans to be made to local government units or public water utilities, including the terms and conditions thereof and the anticipated rate of interest per annum and repayment schedule therefor, and a list of loan guarantees or contracts to guarantee the payment of all or a portion of the principal and interest on bonds, notes or other obligations issued by a local government unit to finance the cost of a water supply project, and the terms and conditions thereof.

The financial plan shall also set forth a complete operating and financial statement covering its proposed operations during the forthcoming fiscal year, including amounts of income from all sources, and the uniform schedule of fees and charges established by the trust pursuant to subsection o. of section 5 of P.L.1985, c.334 (C.58:11B-5), and the amounts to be derived therefrom, and shall summarize the status of each water supply project for which loans or guarantees have been made by the trust, and shall describe major impediments to the accomplishment of the planned water supply projects.

#### C.58:11B-22.1 Submission of financial plan, details; approval.

26. a. The trust shall submit the financial plan required pursuant to section 25 of P.L.1997, c.224 (C.58:11B-21.1) to the President of the Senate and the Speaker of the General Assembly on a day when both houses are meeting. The President and the Speaker shall cause the date of submission to be entered upon the Senate Journal and the Minutes of the General Assembly, respectively.

b. Unless the financial plan as described in the submission is approved by adoption of a concurrent resolution of both houses within the time period prescribed in this subsection, the financial plan shall be deemed disapproved and the trust shall not undertake any of the proposed activities contained therein. The President and the Speaker shall cause a concurrent resolution of approval of the trust's financial plan to be placed before the members of the respective houses for a recorded vote within the time period. The time period shall commence on the day of submission and expire on the forty-fifth day after submission or for a house not meeting on the forty-fifth day, on the next meeting day of that house.

#### C.58:11B-22.2 Submission of consolidated financial plan.

27. As an alternative to the individual annual submissions required by the provisions of sections 21 and 22 of P.L.1985, c.334 (C.58:11B-21 and 58:11B-22) and sections 25 and 26 of P.L.1997, c.224 (C.58:11B-21.1 and C.58:11B-22.1), the trust may develop and submit to the Legislature a consolidated financial plan designed to implement the financing of the wastewater treatment system projects on the project priority list approved pursuant to section 20 of P.L.1985, c.334 (C.58:11B-20) and the water supply projects on the project priority list approved pursuant to section 24 of P.L.1997, c.224 (C.58:11B-20.1).

28. This act shall take effect immediately.

Approved August 20, 1997.