
The Nexus at the NJ Infrastructure Bank

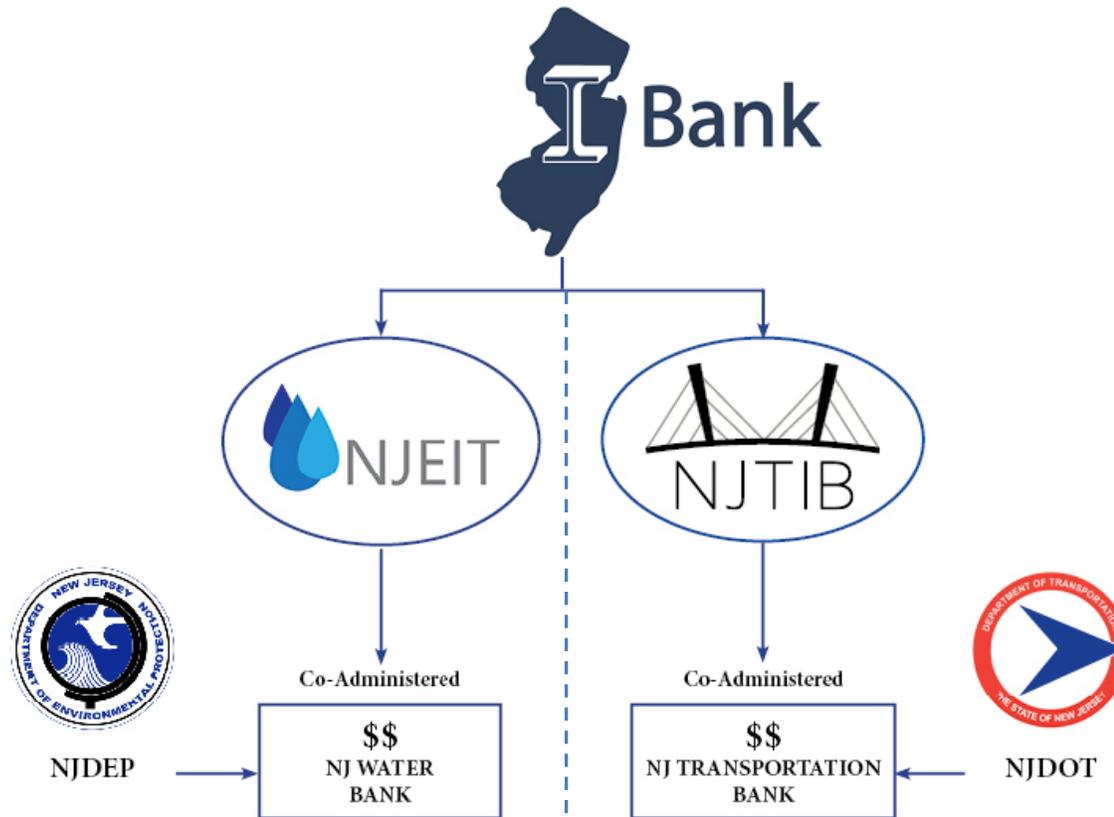
Water and Transportation Capital Projects

May 22, 2018



NJ Infrastructure Bank

New Jersey Infrastructure Bank's Flow Chart



Mission - Provide and Administer low interest rate loans to qualified borrowers (counties, regional authorities, municipalities, and water purveyors) in New Jersey for the purpose of financing **water** quality and local **transportation** infrastructure projects.

Overview/History of the NJ Water Bank

The NJ Water Bank has:

- Been partnering with the NJ DEP since **1986**.
- Issued over **\$7.2 B** in low-interest rate loans.
- Saved ratepayers an estimated **\$2.46 B** in interest-cost savings.
- Created over **123,000** direct construction jobs.



Loan Programs

- Short-term loans – up to 3 full fiscal years for construction
- Pending Legislation to allow up to 2 add'l yrs for P&D
- Long-Term loans for terms of lesser of 30 yrs or useful life.



Benefits of the Water Bank Program

- **Principal Forgiveness Opportunities**
 - Barnegat Bay (50% PFL)
 - Nano Loans (50% PFL)
 - CSO Green Infrastructure (50% PFL)
 - Lead Service Line Replacement (90% PFL)
 - Asset Management (100% PFL) for Small Systems ($\leq 10,000$)



Savings

Example on \$1MM loan

- AAA Market rate = 3.53%
- A+ Market Rate = 3.65%*
- DEP Rate = 0%
- DEP 75%/EIT 25% Rate = 1.07%
- 30-yr savings over Market Rate

\$405,486

(Market Rates as of 05/18/2018)



Quiz Question

NJ Transportation Bank



P.L. 2016, c56

The law that amended NJEIT's enabling act.

1. Changed name to NJ Infrastructure Bank
2. Defines:
 - Funding source,
 - Project Eligibility, and
 - Borrower Eligibility

Project Eligibility



Local Transportation Projects –

- **Project Eligibility Requirement** –
 - Must meet definition of **Transportation Project** in (*P.L. 2016, c.56*) such as: Public highways (*defined*), Bridges, Approach roadways and other necessary land-side improvements, Ramps and Grade crossings, Signal systems, Roadbeds, Transit lanes or Rights of Way, Pedestrian walkways and Bridges connecting to passenger stations and servicing facilities.
 - Must be identified on DOT’s “**Project Priority List**” for the Legislature

Borrower Eligibility

Local Transportation Projects –

- **Borrower Eligibility Requirement**
Must be a Local Government Unit: **County, Municipality**, municipal, county or regional **Transportation Authority**, or any other **Political Subdivision** of the State authorized to construct, operate, and maintain public highways or “Transportation Projects” as defined pursuant to the Act (*P.L. 2016, c.56*)



Quiz Question

Project Approval



Project Approval Processes –

- ***Technical Process***
Program staff (DOT / consulting Engineer reviews design for compliance)
- ***Legal Process***
I-Bank Staff and Program Bond Counsel work w/ Sponsor and Counsel to ensure satisfaction of Public Finance Law requirements (well versed thru NJEIT)

Project Approval (Continued):

- **Credit Process**
 - Project Sponsor must provide Bonded Guarantee to the I-Bank to secure repay obligation
 - Bond must be backed by a General Obligation tax pledge (G.O.) from the LGU or a sponsoring LGU being served by the project sponsor to collateralize the loan
 - G.O. must be Investment-grade Rated – (limited exceptions-e.g. private rating, QBA)



Financial Components

- *Borrowing Process – in development...*
 - Applications will be submitted – Rolling
 - Application Forms – Electronic application similar to NJEIT [H2LOans](#)



Financial Components (Continued):



Short-Term Loan Program (Currently up to 3 full State fiscal years)

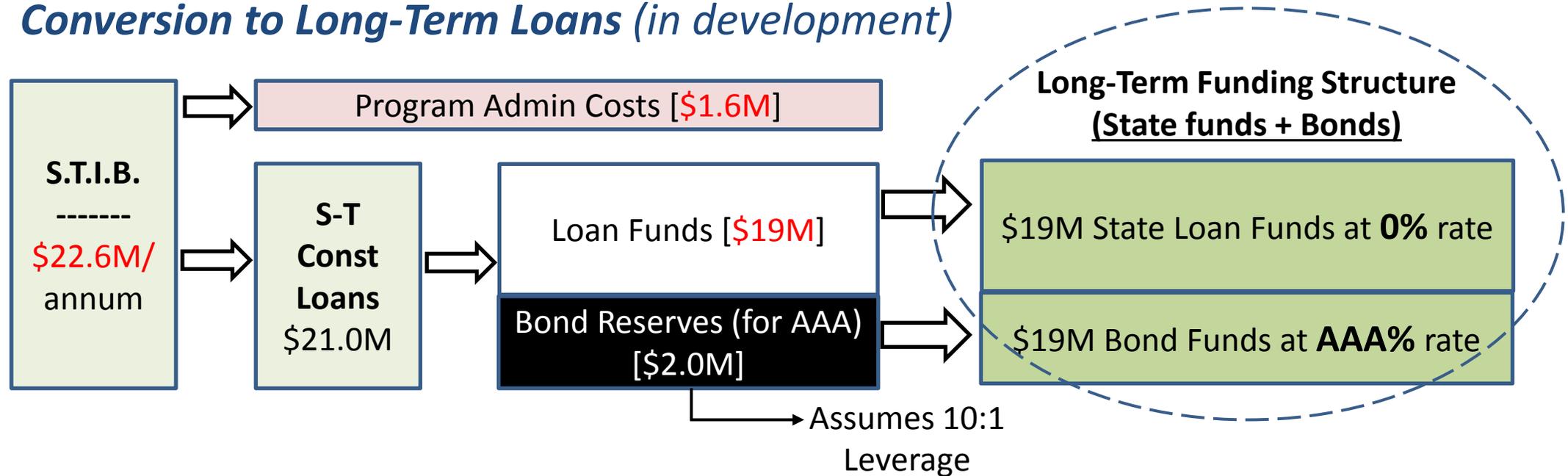
- funds Engineering, and soft costs (architects, bond counsel, etc.)
- funds construction costs through to completion (take out w/ L-T loan)
 - *(like a Line-of-Credit; interest charged only on funds drawn for req's)*

Invoices required (cost-incurrence Program / not reimbursement)

Financial Components (Continued):

Bonding Program

- *Conversion to Long-Term Loans (in development)*



- Savings (Est.) from receiving 50% of funds at 0% for 31 yrs \approx **26-30%**

(lower rated LGUs save more)



I Bank / DOT – NJ Transportation Bank

Questions

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Ranking Methodology

Transportation Infrastructure Bank Priority System (TIBPS)

- Bridge replacement and rehabilitation
- Alternative transportation improvements: bicycle, pedestrian, intermodal connections



Transportation Infrastructure Bank Priority System (TIBPS) (Continued):

Existing highway upgrades to meet current design standards

- Safety measures: signs, guiderails, barriers, curbs & traffic



Transportation Infrastructure Bank Priority System (TIBPS): continued



- Focus on the movement of passengers and goods
- Quality of life enhancement
 - bottleneck improvements
 - missing links
 - widening
 - intelligent transportation
 - travel demand management

Quiz Question

Transportation Infrastructure Project Priority List (TIPPL)

- Sponsor submits project information page
- DOT Determines eligibility
- DOT Ranks the project in order on the TIPPL

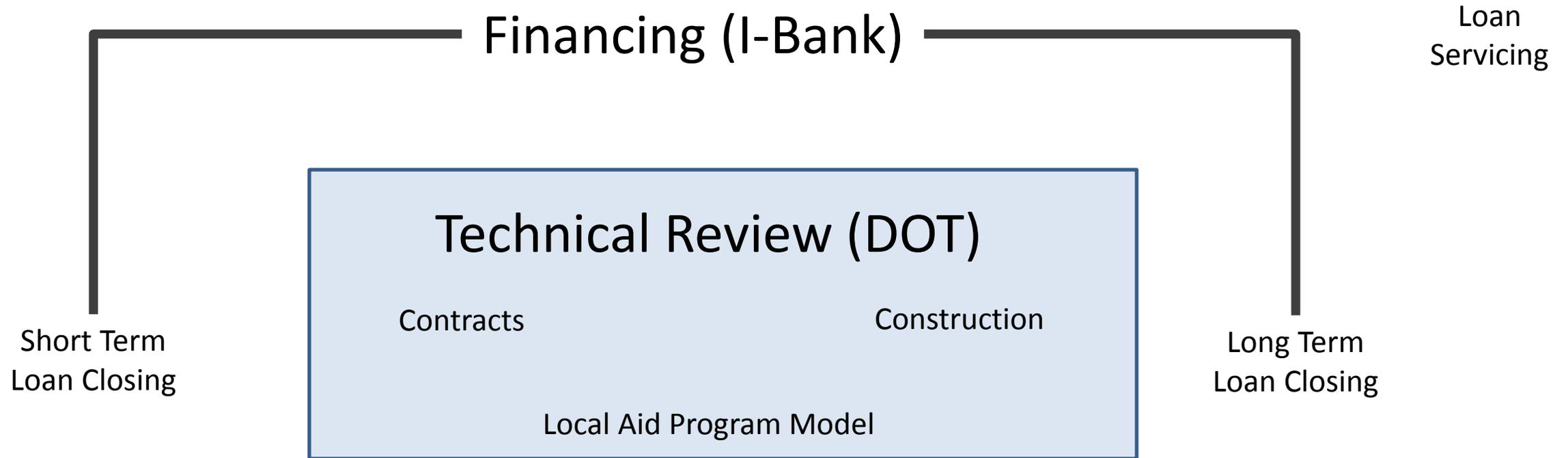


Program Requirements

- Requisition based
- Identification of a project on the TIPPL and publication with the legislature are prerequisites to Transportation Bank loan eligibility;
- Construction advertisement has not occurred;
- State requirements:
 - Affirmative Action;
 - Prevailing Wage
 - Significantly and Economically Disadvantaged Commun.



Application Overview



Application Overview

Application Submissions (Applicant/Borrower)	Program Action (I-Bank / NJDOT)
<u>1. Initial Submission</u> Sponsor/Representative Project description	Project Eligibility / Ranking Environmental Determination Pre-Application Mtg
<u>2. Financial / Technical / Engineering</u> Financial Information Engineering Contract	Credit Eligibility Determination Engineering Funding Commitment Loan Closing Disburse engineering \$ upon receipt of requisitions/invoices
<u>3. Construction – Advertisement</u> Sealed Plans Contract Specifications Engineering Design Certification	Authorize Advertisement Construction Contract Commitment (contingent on award, low bid adjustment)
<u>4. Construction – Award</u> Construction Bids Award Resolution (subject to concurrence)	Award Concurrence Disburse construction \$ upon receipt of requisitions/invoices



Application Process – Step 1 (Initial Submission)

The Applicant submits:

- Applicant / Contact Info;
- Project description

The Bank issues:

- Project Eligibility;
- Project Ranking;
- Pre-Application Conference Call / Meeting



Applications are available at www.NJIB.gov

Application Process – Step 2 (Engineering/Finance)

The Applicant submits:

- An executed engineering contract
- Financial information
 - Official action Info
 - Draw Sched

The Bank issues:

- Credit Approval
- Commit Engineering \$
- Loan Closing*
(total estimated Project cost)

* Requisitions → Engineering \$



Application Process – Step 2 (Cont'd)

Financial Information:

- Official Action Information
- Draw Schedule
- Litigation
- Local Fin. Board Information



Application Process - Step 3 (Advertise Construction)

The Applicant Submits:

- Sealed Plans
- Contract Specifications
- Design Certification

The Bank issues:

- Authorization to Advertise Construction

Application Process - Step 4 (Commence Construction)

The Applicant Submits:

- Construction Bids
- Construction Contract
- Award Resolution
(subject to DOT concurrence)

The Bank issues:

- Award Concurrence
- Commit Construction \$*

* Requisitions → Construction \$



Funding process

Line of credit loans can be available within three weeks of satisfaction of the following:

- I-Bank project certification. All costs associated with project contracts must be eligible for financing.
- Credit Approval;
- Inclusion of project on the PPL



Funding Disbursement Model

The Applicant Submits:

- Requisition
- Contractor Invoices

The Bank:

- Disburses \$*



Schedule

- Rolling Applications
- Loan Closing 30 days from Receipt of Loan Application (Subject to PPL)
- Fund Disbursement w/in 21 days of receipt of requisitions
- LOC Loans 3 years
- Long Term Loans upon construction completion



Questions

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