

# NJ Transportation Bank

## Better Roads / Lower Budgets

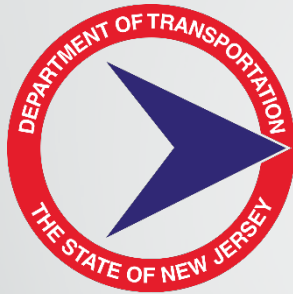
**July 6, 2022**

**Robert Fernandez**

COO – Transportation Bank



# Background: Partnership (Sources of Funds)



NJDOT  
(TTF)



I-Bank

Below Market  
Rate Financing



Loan  
Repayments

Projects



# Background: Partnership

## NJIB

- Application System
- Borrower Eligibility
- Loan Administration
- Disbursements

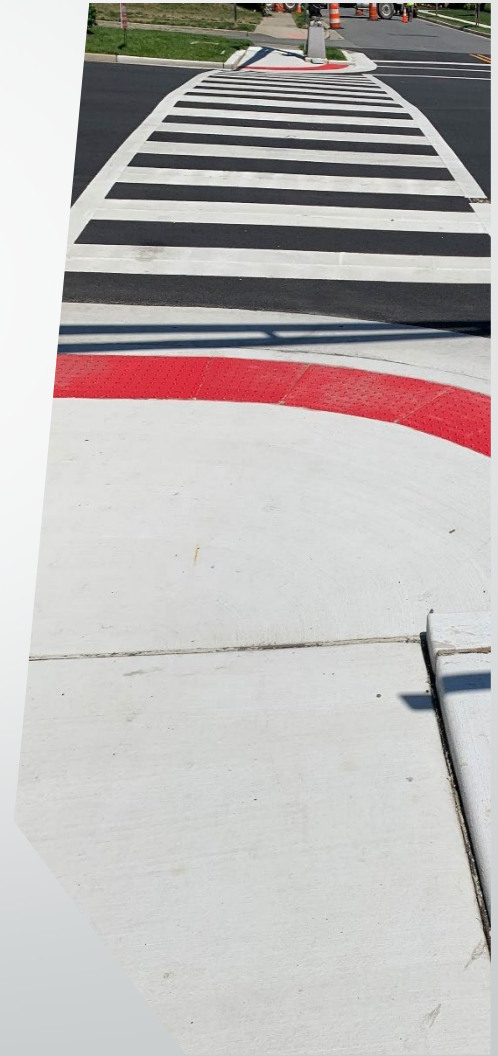
## NJDOT

- Project Priority System
- Project Eligibility
- Project Ranking
- Technical Review



# Background: Eligibility

- Project Eligibility
  - Must be a Transportation Project
  - Included on Project Priority List (PPL)
- Borrower Eligibility
  - Local Government Unit authorized to “construct, operate, and maintain public highways or Transportation Projects”



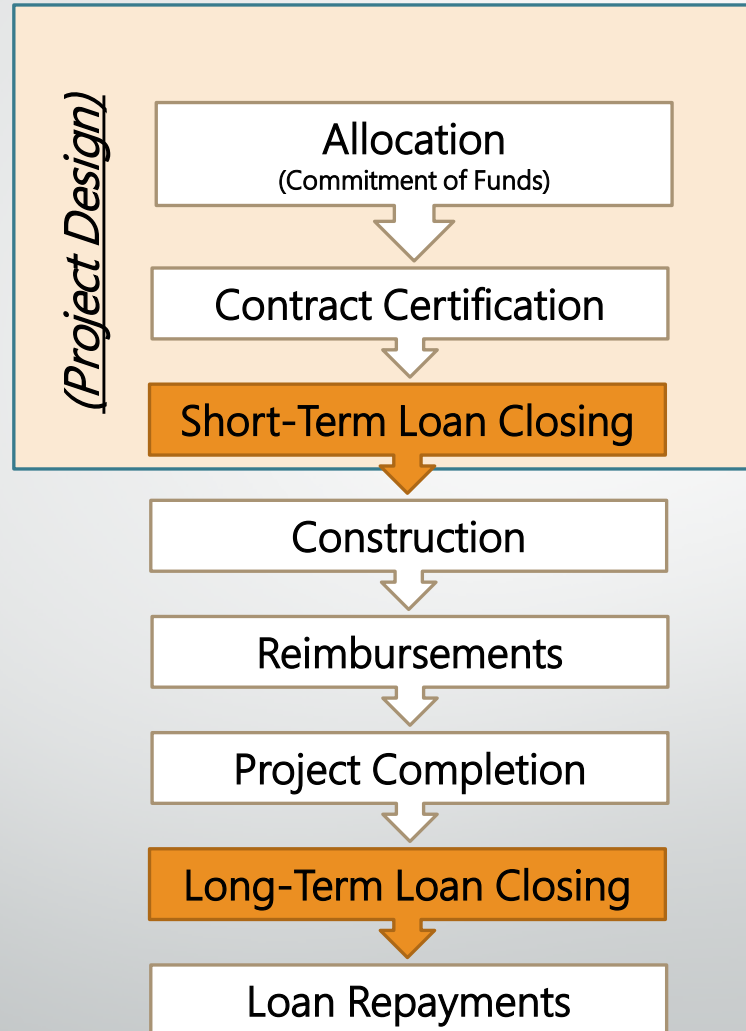


# Application Process

- Rolling application submissions (*anytime throughout year*)
- **NJ-Moves.com**
- Application meeting
- Quarterly allocation of funds



# Application Process



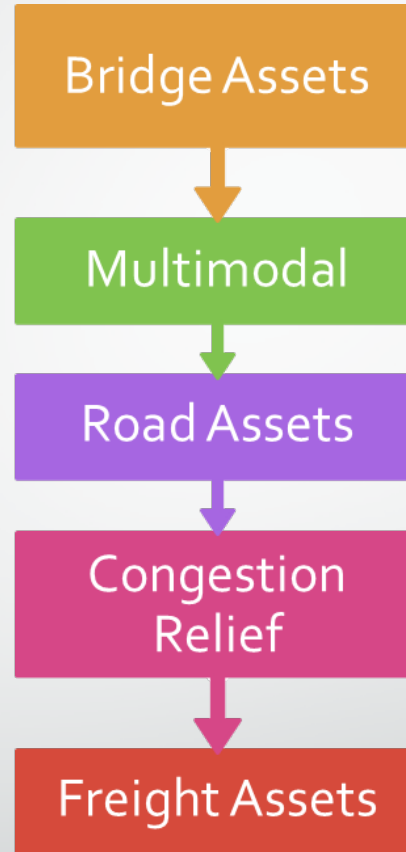


# Allocation Process

- Allocation is the process of committing program funds for the full amount of the project
- Occurs **quarterly** throughout the year subject to available funds
- Project application must be submitted in NJ-Moves for allocation eligibility
- Project must be rated and ranked on the **Project Priority List (PPL)**
- Once allocated, a project has 12-months (24-months for bridge projects) to receive Concurrence of Award from NJDOT
- If a project does not meet the timeline for NJDOT's Concurrence of Award, the project is deallocated & loses 5-points from overall rating



# Asset Categories & Prioritization





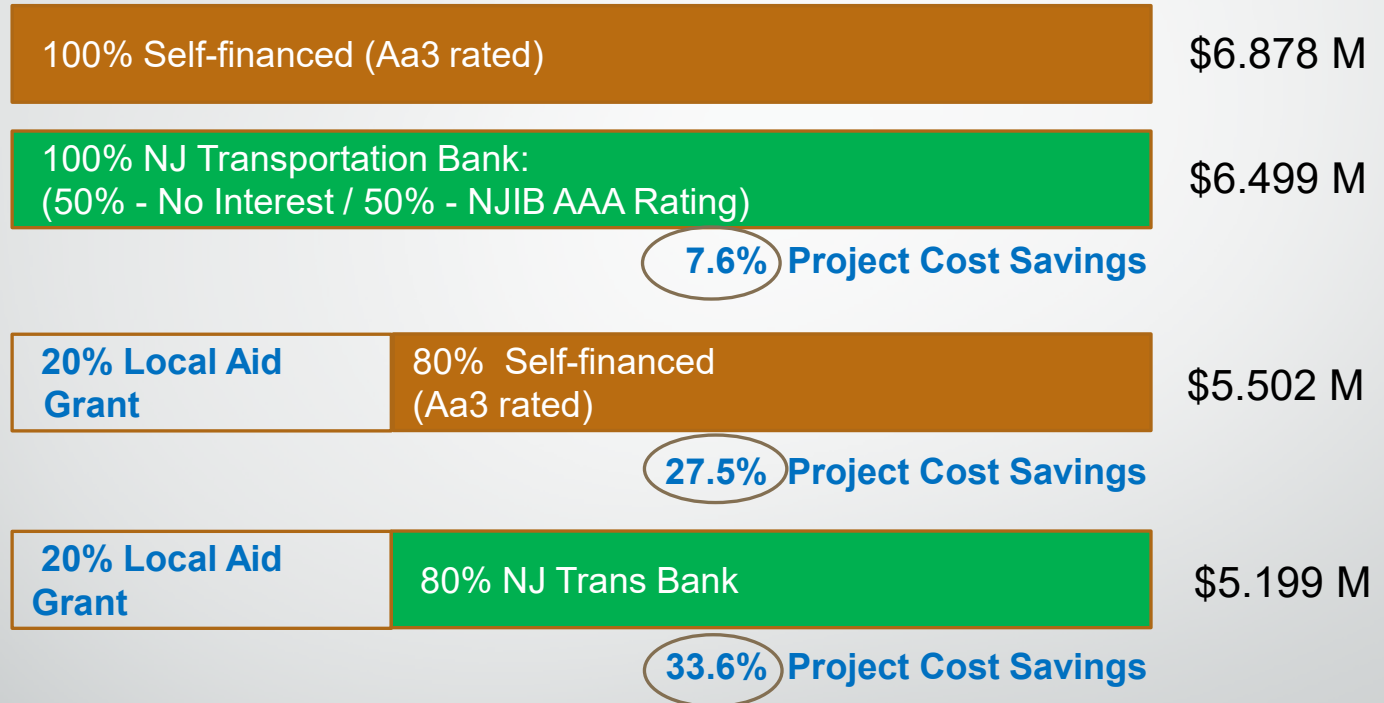
# Project Review Process

- **DOT – *Technical***
  - Technical
  - Environmental and
  - Civil Rights Reviews
  
- **NJIB – *Financial***
  - Construction Readiness for allocation awards
  - Credit and LFB reviews
  - Legal / Compliance Reviews



# Budgetary Benefits

Example savings based on \$5M Project and 20-year maturity Aa3 Borrower



- Grant-like program
- Trans Bank Alternatives Save between 7.6% – 33.6%

If you borrow funds for Project Financing, consider the Transportation Bank



# Financing Programs

- Short-Term Loans
  - Engineering & Design
  - Construction Management
  - Construction
- Long-Term Loans
- Alternative Program Loans (in development)
  - Federal Rural Program Initiative (RPI)
  - SAIL Disaster Relief Program



# Short-Term Loans

- Closed at first contract certification for entire estimated project cost
- Generous cost allowances (P&D, legal fees, permitting)
- Requisitions:
  - Payments on costs incurred (not paid)
  - Disbursement w/in 2-14 days
- Interest charged ONLY on funds drawn
  - More cost efficient than BANs
  - Any interest costs are rolled into long-term loan
- Generally, no out-of-pocket payments during construction

**SHORT-TERM LOAN PROGRAM  
INTEREST RATE**

**1.4%**

07/01/2022 - 07/31/2022  
on dollars drawn.



# Long-Term Loans

- Converted at construction completion
- Max Maturity = Project's Useful Life (up to 31 yrs)
- Rate
  - ~ **75% interest-free / 25%** I-Bank AAA rate ( $\leq$  10 yrs)
  - ~ **50% interest-free / 50%** I-Bank AAA rate ( $>$  10 yrs)
- LFB 5% down payment is waived
- I-Bank handles LFB approval
- Credit Worthiness requirements:
  - Investment grade rating (excludes De-minimis borrowers)



# I-Bank Financing vs BANs

- I-Bank interest rates are substantially lower than 1-YR US Treasury Rates (standard for BANs)
- Interest is charged on costs incurred, not full amount of loan (unlike BANs)
- No P&I payments during short-term (possible 2-5+ years of no payments)
- Can utilize the I-Bank as a working line of capital during the short-term period and pay down their short-term loan with DOT's Local Aid grant funds or capital on hand



# Common Misconceptions

- **Interest rates from other lenders / programs are better**
  - 50% of a loan obtained through I-Bank is interest-free
  - Short-term interest rates are more competitive in comparison to 1-year US Treasury
  - P&I payments commence between 3-5 years from allocation (no payments during short-term loan)
- **Community has enough capital on-hand to self-fund**
  - An I-Bank loan enables you to utilize capital on other endeavors
- **It's not beneficial for my town to take out a loan for a small project**
  - You can combine multiple projects into one loan
- **Time constraints due to assumed burdensome reviews**
  - I-Bank staff will work with you through every step to help expedite the process





# NJ-Moves

If you don't have an account, please call us at **(609) 219 - 6584**.



## Low cost State funds and assistance for Local Transportation Projects

NJ-Moves offers a streamlined application process to qualified municipalities, counties and regional transportation authorities interested in obtaining low interest-rate loans with subsidized interest rates for transportation infrastructure projects.

Your next project starts here.

### Log in

E-Mail

Password

Login

[Forgot Password?](#)  
[How do I get an account?](#)

Once you have an account and are listed as an **Authorized Representative**, you can submit an application and assign roles & responsibilities to other key stakeholders.



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Questions? Call for support (609) 219-8600



# **New Jersey Infrastructure Bank**

## **Water Bank Financing Opportunities**

**George Rolon**  
Project Manager





I-Bank

# NJ Water Bank – Partnership



NJDEP

## A partnership between NJDEP and the I-Bank

- Low-cost financing for projects that improve water quality and protect public health.

## History:

- First loans issued in 1987
- **\$8.11 B** long-term loans PLUS **\$1.30 B** outstanding short-term loans
- **\$2.92 B** (est.) Interest costs and Principal Forgiveness savings



# Project Eligibility – Clean Water

## Water Quality Improvement

- Wastewater Infrastructure
- Stormwater Management
- Flood Resiliency
- Site Remediation
- Equipment Purchases
- Green Infrastructure
  - Energy Conservation
  - Renewable Energy (pro rata)
  - Co-Generation (pro rata)



Hoboken City Green Infrastructure



Camden County MUA



# Project Eligibility – Drinking Water

## Protect Public Health

- Lead Service Line Replacement
- Treatment Facilities
- Storage Facilities
- Water Mains
- Water Meter Upgrades
- Emergency Repair Projects



# Application Process - Overview

- Rolling Application submissions (anytime throughout year)
  - **Clean Water** projects: Funding award based upon Readiness
  - **Drinking Water** projects: Funding award based upon Priority Ranking *and* Readiness
- Project Priority List updated Quarterly (for Legislature)
- Multi-step application process

[www.h2loans.com](http://www.h2loans.com)



# H<sub>2</sub>Loans

## Web Portal for Applicants / Water Bank Staff

- Project Dashboard
- Online submittal of forms and information
- Document Upload
- Status Review
- Vendors/ Collaborators access
- 100% on-line Requisition submission process

The screenshot displays the 'Project Details' page in the H<sub>2</sub>Loans web portal. On the left is a blue navigation sidebar with icons and menu items: Collapse Navigation, Project Details, Project Review, Construction Review, Contracts, Project Costs, Loan Closing Details, File Uploads, Milestones, Project Event Logs, Project Administration, Request DLGS Approval, Deficiencies, Living List Data Fields, Loan Exhibits, Requisitions, and a search icon. The main content area is titled 'Project Details' and includes a breadcrumb 'Home > Project Details'. Below this is a 'Details' section with a 'Project Overview' card containing the following information: Project Type: Clean Water, Project Rank: 66, Project Sponsor: Bayshore Regional Sewer Authority, Project Number: S340697-06, Project Name: Phase II Perm. Restor/Mitigation of Blower Bldg & Pwr Dist. System, Project Useful Life: N/A, and NJPDES Permit Number. A 'Switch to Sponsor View' button is located to the right of the overview card. Below the overview is a 'Description' section with text about the project application at the BRSA Water Pollution Control Plant. Further down are sections for 'Service Area' and 'Water Quality Need'. At the bottom, a 'Form Status' table is partially visible with columns for Form, Status, and Actions. To the right of the main content is a 'Project Review Status' panel with five review categories, each with a green progress bar indicating 100% completion: Environmental Planning Review, Cultural Resource Review, Engineering Review, Environmental Design Review, and SED Review. A disclaimer at the bottom of this panel states: '\*\* Percentage complete does not reflect pending action items or sponsor responsiveness. Please view the project milestones page and/or event log for details.'



# Short-Term Loan

- Close Short-Term Loan for entire project cost upon DEP contract certification
- Payment Requisitions:
  - Costs **incurred**
  - Disbursement on-average in 2 weeks
  - Limited out-of-pocket costs
- Interest accrues **only** on funds drawn
  - More efficient than BANs
  - Any Short-Term interest costs are rolled into Long-Term Loan

## SHORT-TERM LOAN PROGRAM INTEREST RATE

**0.362%**

07/01/2022 - 07/31/2022  
on dollars drawn.

## S.A.I.L. Short-Term Disaster Relief Program

- “Bridge” loans for FEMA eligible projects in a declared Emergency
  - I-Bank works in conjunction with NJOEM
  - Front funds ahead of FEMA/OEM Reimbursements;



# Long-Term Loan

- Long-Term Loans converted upon construction completion
- Financing Terms dictated by program year at time of each DEP construction contract certification
- Maximum Maturity = Lesser of “Useful life” or **30 (45)** years
- I-Bank handles LFB approval process
  - 5% down payment waived
- Credit Worthiness requirements:
  - Must have Investment grade rating
  - Maintain Investment grade rating for term of loan





# SFY2023 Clean Water SRF PF

- **\$36 million** for Eligible CW Projects sponsored by borrowers meeting the Clean Water Affordability Criteria
- **\$30 million** for CSO Abatement Projects
- **\$30 million** for CSO Abatement Projects sponsored by borrowers meeting the Clean Water Affordability Criteria
- **\$10 million** for Water and Energy Efficiency Projects
- **\$6 million** for Water Quality Restoration Projects
- **\$1 million** to projects awarded Overflow and Stormwater Grants (OSG)
- **\$4 million** for projects that address Emerging Contaminants

**\$117 Million in anticipated  
Principal Forgiveness Loans**

# SFY2023 Drinking Water SRF PF

- **\$8 million** for systems serving 10,000 or fewer customers (Nano)
- **\$3 million** for projects at very small water systems with populations of 1,000 or fewer customers
- **\$25 million** for lead service line replacement projects
- **\$13 million** for projects that address Emerging Contaminants, at least 25% of which will be directed to those that meet the affordability criteria or small systems serving fewer than 25,000.
- **\$10 million** in additional principal forgiveness funds for lead or emerging contaminant projects in ranked order
- **\$5 million** for high-ranking affordability criteria projects

**\$64 Million in anticipated  
Principal Forgiveness Loans**



# Affordability Criteria

(formerly Disadvantaged Communities)

Projects are assigned 80 Environmental Justice Economic Overburdened Community Criteria (OBC) points if at least 35% of the households served by the project, on a municipal basis, qualify as low-income households (at or below twice the poverty threshold in accordance with the most recent United States Census). A weighted economic OBC criteria is calculated for a project sponsor whose water system serves more than one municipality as shown in the example below.\*

Municipalities Served	% low-income households	Populations Served	Fraction of total population served	Weighted % of low income households
Lancaster	30%	5,000	0.167	5.01%
Mayberry	40%	10,000	0.333	13.32%
Hometown	35%	15,000	0.500	17.50%%
<b>Total</b>		<b>30,000</b>	<b>1.00</b>	<b>35.83%</b>

Please note for applicants that service more than 10 municipalities, the 10 municipalities that have the highest populations served will be considered in the above table for the affordability factor.

\*Consideration will be given for projects with a qualifying service area population within a municipality that does not meet the 35% threshold.





# Set-Aside: Affordability Criteria

**CW:**                    **\$36 Million dedicated** (\$2M PF Cap per Applicant)

100% PF:	First \$2 million in project costs
50% 0 / 50% AAA:	Next \$2 million
75% 0 / 25% AAA:	\$4 million - \$10 million
50% 0 / 50% AAA:	\$10 million+

**DW:**                    **\$5 Million dedicated** (\$1M PF Cap per Applicant)

100% PF:	First \$1 million in project costs
75% 0 / 25% AAA:	\$1 million - \$11 million
50% 0 / 50% AAA:	\$11 million - \$25 million
100% AAA:	\$25* million+

**\*DW Only:** Total project costs are capped at \$25 million per applicant per year, including any portion of the project financed at the enhanced subsidization rate (Nano, Affordability, PFAS, Lead). Project costs over the specified caps can be financed 100% by the I-Bank as capacity allows.



# Set-Aside: Combined Sewer Overflow “CSO” Abatement (Green and Grey)

For CSO Abatement projects utilizing grey and green practices such as green roofs, rain gardens, porous pavement, and other activities that treat stormwater runoff infiltration into subsoil or filtration by vegetation or the harvesting of stormwater). \$5 Million will be specifically reserved for Green Infrastructure.

**CW: \$30 Million dedicated** (\$5 M PF Cap per Applicant)\*

50% PF / 25% 0 / 25% AAA:                      First \$10 million

50% 0 / 50% AAA:                                      \$10 million +

\*There is a total applicant principal forgiveness cap of \$5 million for CSO Abatement projects and CSO Abatement/Affordability projects in SFY23. For example, if an applicant is awarded \$5 million under the CSO Abatement/Affordability category, they would be limited by the cap and not eligible for additional principal forgiveness under the CSO Abatement principal forgiveness category in SFY23.



# Set-Aside: Combined Sewer Overflow Abatement AND Affordability “CSO/A”

For CSO Abatement projects sponsored by borrowers that also meet the Clean Water Affordability Criteria. \$5 Million will be specifically reserved for Green Infrastructure.

**CW: \$30 Million dedicated** (\$5 M + \$2 M PF Cap per Applicant)\*

100% PF:	First \$5 million in project costs
50% 0 / 50% AAA:	Next \$5 million
100% PF:	Next \$2 million**
50% 0 / 50% AAA:	Next \$2 million
75% 0 / 25% AAA:	\$14 million - \$20 million
50% 0 / 50% AAA:	\$20 million+

\*There is a total applicant principal forgiveness cap of \$5 million for CSO Abatement projects and CSO Abatement/Affordability projects in SFY23. For example, if an applicant is awarded \$5 million under the CSO Abatement/Affordability category, they would be limited by the cap and not eligible for additional principal forgiveness under the CSO Abatement principal forgiveness category in SFY23.

\*\*Subject to the availability and the applicable Affordability cap



# Set-Aside: Energy and Water Efficiency

For projects that address water and energy efficiency goals and meet the eligibility requirements for water and energy efficiency as defined in USEPA's Green Project Reserve Guidance.

<https://www.epa.gov/cwsrf/green-project-reserve-guidance-clean-water-state-revolving-fund-cwsrf>

**CW: \$10 Million dedicated** (\$2 M PF Cap per Applicant)

50% PF / 25% 0 / 25% AAA:	First \$4 million in project costs
75% 0 / 25% AAA:	\$4 million - \$10 million
50% 0 / 50% AAA:	\$10 million+



# Set-Aside: Lead Service Line Replacement Program (LSLRP)

For the replacement of lead pipes and lead components, including mains and service lines.

**DW: \$25 Million dedicated** (\$5 M PF Cap per Applicant)

## Non-Affordability

50% PF / 25% 0 / 25% AAA: First \$10 million in project costs  
50% 0 / 50% AAA: \$10 million to \$25 million  
100% AAA: \$25\* million+

## Affordability

50% PF / 25% 0 / 25% AAA: First \$10 million in project costs  
75% 0 / 25% AAA: \$10 million to \$20 million  
50% 0 / 50% AAA: \$20 million to \$25 million  
100% AAA: \$25\* million+

\* Total project costs are capped at \$25 million per applicant per year, including any portion of the project financed at the enhanced subsidization rate (Nano, Affordability, PFAS, Lead). Project costs over the specified caps can be financed 100% by the I-Bank as capacity allows.



# Set-Aside: Emerging Contaminants

For projects that primarily address emerging contaminants, including PFAS.

**CW:**                    **\$4 Million dedicated** (\$2M PF Cap per Applicant)

100% PF:	First \$2 million in project costs
50% 0 / 50% AAA:	Next \$2 million
75% 0 / 25% AAA:	\$4 million - \$10 million
50% 0 / 50% AAA:	\$10 million+

**DW:**                    **\$13 Million dedicated** (\$1M PF Cap per Applicant)

## Non-Affordability

100% PF:	First \$1 million in project costs
50% 0 / 50% AAA:	\$1 million - \$25 million
100% AAA:	\$25* million+

## Affordability

100% PF:	First \$1 million in project costs
75% 0 / 25% AAA:	\$1 million - \$11 million
50% 0 / 50% AAA:	\$11 million - \$25 million
100% AAA:	\$25* million+

**\*DW Only:** Total project costs are capped at \$25 million per applicant per year, including any portion of the project financed at the enhanced subsidization rate (Nano, Affordability, PFAS, Lead). Project costs over the specified caps can be financed 100% by the I-Bank as capacity allows.



# Set-Aside: Water Quality Restoration

For Capital improvement projects and equipment purchases that will eliminate, prevent, or reduce documented occurrences of shellfish bed downgrades, beach closings and advisories due to the presence of harmful algal blooms (HABs). Projects would eliminate potential sources such as failing on-site wastewater systems, cross-connections between storm sewers and sanitary sewers. Eligible projects also include the expansion or replacement of stormwater management systems as well as the purchase of skimmer boats, aquatic weed harvesters and equipment to maintain stormwater management facilities.

**CW: \$6 Million dedicated** (\$2.5 M PF Cap per Applicant)

50% PF / 25% 0 / 25% AAA:	First \$5 million in project costs
75% 0 / 25% AAA:	\$5 million to \$10 million
50% 0 / 50% AAA:	\$10 million+



# Set-Aside: Sewer Overflow and Stormwater Reuse Grants (PF Share)

Approximately \$1 million will be reserved for OSG PFLs for projects that receive Sewer Overflow and Stormwater Reuse Grants from the USEPA. These projects are intended to address infrastructure needs for combined sewer overflows (CSO) or stormwater management. Project sponsors that receive a Sewer Overflow and Stormwater Reuse Grant for up to 80% of eligible project costs are eligible to receive a principal forgiveness loan for the remaining 20% of costs.

Total project costs are capped at \$1 million. The balance of the project would have to be separately funded and would be eligible for SRF financing at the rates offered for the applicable project type.





# Set-Aside: Small Systems (NANO)

For small Drinking Water systems serving 10,000 or fewer residents

**DW:**                    **\$8 Million dedicated** (\$500,000 PF Cap per Applicant)

## Non-Affordability

50% PF / 25% 0 / 25% AAA:	First \$1 million in project costs
50% 0 / 50% AAA:	\$1 million - \$25 million (Publicly Owned)
25% 0 / 75% AAA:	\$1 million - \$25 million (Privately Owned)
100% AAA:	\$25* million+

## Affordability

50% PF / 25% 0 / 25% AAA:	First \$1 million in project costs
75% 0 / 25% AAA:	\$1 million - \$11 million
50% 0 / 50% AAA:	\$11 million - \$25 million
100% AAA:	\$25* million+

**\*DW Only:** Total project costs are capped at \$25 million per applicant per year, including any portion of the project financed at the enhanced subsidization rate (Nano, Affordability, PFAS, Lead). Project costs over the specified caps can be financed 100% by the I-Bank as capacity allows.



# Set-Aside: Very Small Water Systems

For small Drinking Water systems serving 1,000 or fewer residents

**DW:**                    **\$3-5 Million dedicated** (\$750,000 PF Cap per Applicant)

100% PF:	First \$750,000 in project costs
50% 0 / 50% AAA:	\$750,000 - \$25 million (Publicly Owned)
25% 0 / 75% AAA:	\$750,000 - \$25 million (Privately Owned)
100% AAA:	\$25* million+

The DEP will not charge permit fees to these small systems.

**\*DW Only:** Total project costs are capped at \$25 million per applicant per year, including any portion of the project financed at the enhanced subsidization rate (Nano, Affordability, PFAS, Lead). Project costs over the specified caps can be financed 100% by the I-Bank as capacity allows.



# WISE Act Savings Calculator

<https://wise.h2loans.com>

Rating Agency	NJEIFP Credit Rating	hjh Credit Rating Provided by 11
Fitch	AAA	AA+
Moody's	Aaa	Aa1
S&P	AAA	AA+

Cost of Financing	NJEIFP	Independent Financing
Short Term Financing / BAN	1 Years	1 Years
Long Term Financing	30 Years	30 Years
Project Cost	\$10,000,000	\$10,000,000
Additional Costs (AIS, Engineering) <sup>2a</sup>	\$570,000	\$0
<b>Total Requested Amount</b>	<b>\$10,570,000</b>	<b>\$10,000,000</b>

Total Payments		
5% Upfront Cash Funding (LFB Requirement) <sup>2d</sup>	\$0	\$500,000
Interest Paid on Short-Term Loan	\$0	\$227,050
Bond Par Amount (Includes Underwriter Fees for NJEIT Admin Fee, DEP Fee financed for the Program, and any capitalized short-term loan interest)	\$5,420,000	\$9,600,000
Bond Loan Interest	\$3,056,564	\$5,695,828
Fund Loan	\$5,285,000	\$0
DEP Fee (Non-financed portion)	\$100,000	\$0
Total NJEIT Admin Fee (Annual Fee = \$16,260)	\$479,670	\$0
<b>Total Cost of Financing</b>	<b>\$14,341,234</b>	<b>\$16,022,878</b>

Assumptions		
Total DEP Fee <sup>2a</sup>	\$200,000	\$0
Annual NJEIT Admin Fee <sup>2b</sup>	\$16,260	\$0
Underwriters' Discount <sup>2a</sup>	\$27,100	\$96,000
Cost of Issuance <sup>2b</sup>	\$5,420	\$0
Effective Interest Rate (Estimated)	1.766%	3.357%

**TOTAL ESTIMATED SAVINGS THROUGH NJEIFP FINANCING:**

**\$1,639,953**

**(16.4% of Project Cost)**



# Contact Information

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