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# New Jersey Infrastructure Bank

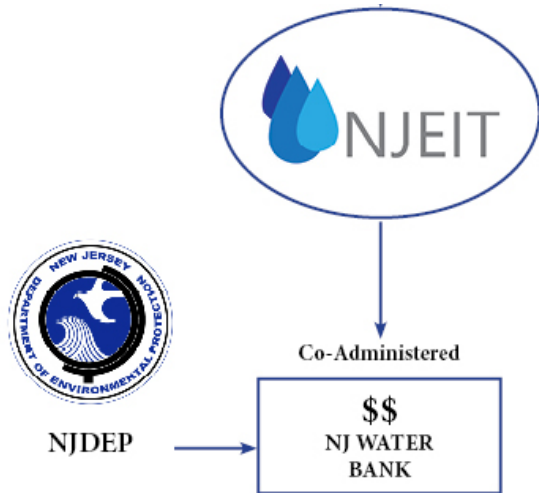
North Jersey Transportation Planning Authority

July 9, 2018



# NJ Water Bank (est. 1985)

## NJEIT Financing Program



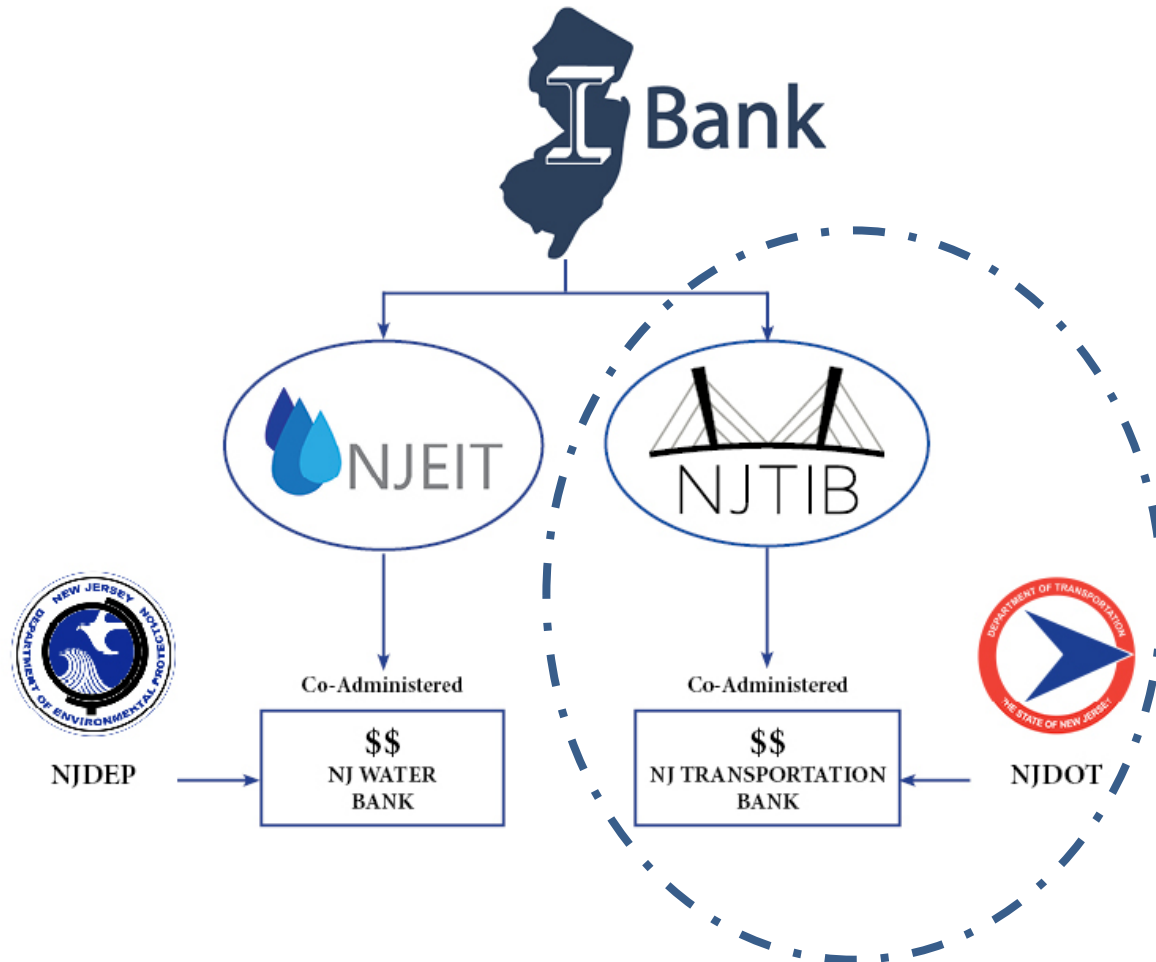
**NJEIT Water Bank** – Revolving Loan program was a conversion from original “Construction Grants Program” in 1985.

\* Initial feedback: *“Do not eliminate the grants program. We don’t want loans”.*

\* But, Loans at 0% are a Grant Program. The grant is in the form of free interest rather than free principal.

# NJ Transportation Bank (est. 2016)

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.

# NJ Transportation Bank – 2 Eligibility Req's

## 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*)



# NJ Transportation Bank – 2 Eligibility Req's

## Local Transportation Projects –

### ▪ **Project Eligibility Requirement** –

- Must be identified on DOT's qtrly "**Project Priority List**" to the Legislature
- 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/servicing facilities

# NJ Transportation Bank - Processes

## Project Approval Processes –

- ***Technical Process***
  - DOT Staff ranks project, reviews design for compliance
- ***Legal Process***
  - I-Bank Staff and I-Bank Bond Counsel work w/ Sponsor and Counsel
    - Ensure satisfaction of Public Finance Law requirements (well versed thru NJEIT)
- ***Credit Process***
  - Project Sponsor must provide a General Obligation tax pledge (**G.O.**) from the LGU or a sponsoring LGU served by the project sponsor (secures repayment obligation)
  - G.O. must be Investment-grade Rated – (limited exceptions-e.g. Credit ratings “assessment”, QBA)



# NJ Transportation Bank - Processes

## Financial Components –

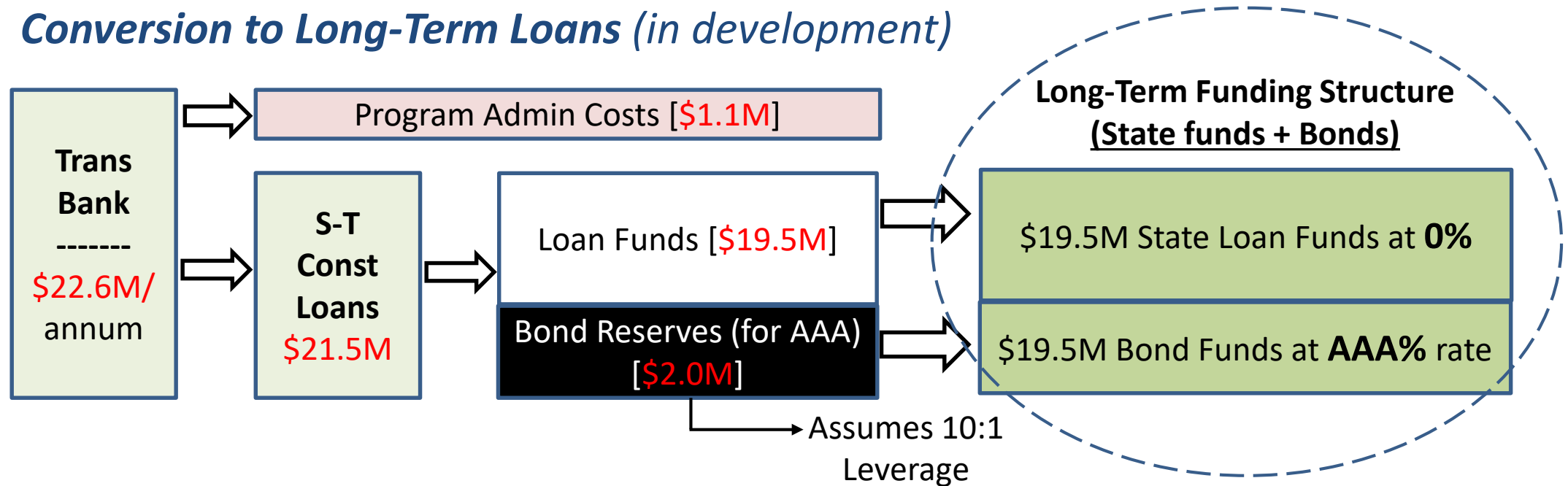
- ***Application / Borrowing Process –***
  - **Submissions** anytime (i.e. “rolling”). [www.njib.gov/njtib/apply/](http://www.njib.gov/njtib/apply/)
    - Step 1: Provide project information (DOT ranks, NJTIB add to PPL)
      - Borrower sets up “Pre-App” meeting w/ consultants, DOT and I-Bank
    - Step 2: Provide Engineering, Fin’l information (Credit eligibility, S-T loan)
  - **S-T Construction Loans** (3 full SFYs, possibly add’l 2 years for Engineering)
    - funds Engineering costs (**incl’g architects, bond counsel, etc.**)
    - funds construction costs through to completion (take out w/ L-T loan)
    - ***S-T interest rate for SFY2019 = 1.50%, interest only on funds drawn for req’s***
    - Draws require Invoices on expenses incurred (not necessarily paid)



# I Bank / DOT – NJ Transportation Bank

**Overview: BOND PROGRAM = GRANT PROGRAM**

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



(Est.) savings for AAA-rated receiving 1/2 of funds at 0% for 31 yrs = approx. **26-30%**

↳ (lower rated LGUs save more)





# I Bank / DOT – NJ Transportation Bank

## Take-Aways

1. **Start process at:** [www.njib.gov/njtib/apply/](http://www.njib.gov/njtib/apply/)
2. **NJTIB Contacts:**

<b>COO:</b>	Frank Scangarella	(609) 219-8605
<b>Construction PM:</b>	George Rolon	(609) 219-8968
3. **Reference Material:** NJ Transportation Bank Handbook (*in development*)  
[www.njib.gov/njtib/handbook/](http://www.njib.gov/njtib/handbook/)

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# Questions

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