



# New Jersey Infrastructure Bank

## SFY2022

### The Infrastructure Bank

Enhancing infrastructure is vital to New Jersey's health and economy. To alleviate the significant investment required to sustain and improve the State's aging infrastructure systems, the I-Bank offers low-cost financing for Water Quality and Transportation infrastructure projects, in partnership with the New Jersey Department of Environmental Protection (DEP) and the New Jersey Department of Transportation (DOT), respectively. The **Water Bank** finances environmental projects that conserve water, improve public health, reduce stormwater and flooding, and provide open space for public enjoyment. The **Transportation Bank** finances surface transportation projects.

### SFY2022 I-Bank Program Highlights

#### Short-Term Loans - Both Programs

Short-term construction loans are issued for up to two years to finance environmental planning, engineering and design costs, and up to an additional three fiscal years for construction activities, for a total of up to five years of short-term financing. An effective interest rate is applied to each borrower's total drawn funds. The rate is reset monthly and is listed on the I-Bank's Water and Transportation Bank website pages.

#### Long-Term Loans - Both Programs

Long-term loans are issued upon completion of construction for the duration of the lesser of the project's certified useful life or 30 years for the water program, and for 31 years for the Transportation program. Certain water projects may be eligible for longer terms pending approval from USEPA.

### The Water Bank

#### Funding

Program Interest rate is now based on a percentage of the I-Bank's AAA Market interest rate.

#### New: Small System Lead Remediation 100% Principal Forgiveness Loans (PFL)

Small systems serving <1,000 lead lines can receive 100% Principal Forgiveness. Principal forgiveness is capped at \$1M per water system per year.

#### New: Water Quality Restoration 50% PFL

Qualified projects are eligible to receive principal forgiveness for up to 50% of allowable costs up to \$4M.

#### CSO Green and Gray Infrastructure 50% PFL

Combined Sewer Overflow (CSO) projects are eligible for 50% principal forgiveness for project costs up to \$2M.

#### Lead Service Line Replacement 50% PFL

Drinking water systems in communities with lead service line replacement projects whose median household income (MHI) is less than the MHI of their county are eligible for 50% principal forgiveness. There is a \$1M, \$5M or \$10M cap for systems of <1,000; 1,000 to 5,000; or >5,000, respectively. These levels are subject to change. Stay tuned.

#### Nano Loans 50% PFL

Small drinking water systems serving  $\leq 10,000$  customers are eligible for 50% principal forgiveness up to \$1M per water system per year.

### The Transportation Bank

#### Transportation Bank Benefits

- Transportation Bank Loans are at approximately 50% of the I-Bank's AAA rated market rate.
- Multiple projects can be combined into one loan.
- The program is modeled after DOT's Local Aid program for borrowers' and engineers familiarity.
- Loans can be used in conjunction with a Local Aid Grant.
- Technical review parallels the Municipal Aid review process (single review for both sources of funding).
- Funds are disbursed as costs are incurred (typically in less than 2 weeks of submission).
- All projects receive a short-term loan which can cover design fees, legal fees and construction costs for up to five years which, after project completion, is then converted to a long-term loan.
- Generally, no principal or interest payments are due from borrowers during construction.

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Transportation Bank	Short-Term (ST) Loan Program		
Loan Type	Max Term (not to exceed useful life)	Interest Rate	Fees/Notes
Construction	3 Fiscal Yrs + up to 2 Yrs for P&D	0.25% - 0.40% (estimated) Updated monthly	1/2 of 2% origination fee; due at ST loan closing. I-Bank lends funds to borrower to pay fee.

Water Bank	Short-Term (ST) Loan Program		
Loan Type	Max Term	Blended I-Bank AAA Market Interest Rate	Fees/Notes*
Construction	5 Fiscal years	Variable, updated monthly	Fees: Standard DEP Fee <sup>1</sup> ; No I-Bank fee.
CSO Long-Term Control Planning & Design	5 <sup>4</sup> Fiscal years	Variable, updated monthly	Fees: Standard DEP Fee <sup>1</sup> ; No I-Bank fee.
SAIL (Disaster Relief)	3 Fiscal years	Variable, updated monthly	Fees: No DEP fee. Borrowers are responsible for payment of outside engineering costs, up to 2.5% of project costs.

Long-Term (LT) Loan Program						
Loan Type	Max Term (not to exceed useful life)	Loan Limitations	Blended I-Bank AAA Market Interest Rate	DEP (Principal Forgiveness)	Total Available Principal Forgiveness Funds	Fees/Notes*
Clean Water (CW) Base Program	30 Years		50%	0%	\$0	Fees: Standard DEP fee <sup>1</sup> ; Standard I-Bank fee <sup>2</sup> ; and Standard COI fee <sup>3</sup> .
Water Quality Restoration		First \$4M \$4M-\$10M >\$10M	50% 25% 50%	50% 0% 0%	\$17	
CSO Abatement- Grey and Green Infrastructure	30 Years	First \$4M \$4M - \$10M >\$10M	50% 25% 50%	50% 0% 0%	\$35M	Fees: Standard DEP fee <sup>1</sup> ; Standard I-Bank fee <sup>2</sup> . Capped at \$3 million per sponsor.
CW Brownfield Redevelopment	30 Years		75%	0%		Fees: Either Standard DEP Fee <sup>1</sup> or Borrowers responsible for payment of third party engineering costs; Standard I-Bank Fee <sup>2</sup> .
CW Coastal Community Water Quality Restoration	30 Years	\$2.5M	25%	50%	\$2.5	Notes: \$2.5M committed to a potential project by Cumberland County Improvement Auth. Any amounts that remain unobligated at the end of SFY21, continue to be available for these purposes in SFY22.
Drinking Water (DW) Base Program - Publicly Owned Systems	30 Years	\$25M per applicant per year.	50%	0%		Fees: Standard DEP fee <sup>1</sup> ; Standard I-Bank fee <sup>2</sup> ; and Standard COI fee <sup>3</sup> .
Drinking Water (DW) Base Program - Privately Owned Systems	30 Years	\$25M per applicant per year. \$10M per project.	75%	0%		
DW Nano - Small DW Systems; populations ≤ 10,000	30 Years	\$1M	50%	50%	\$4M	Fees: Standard I-Bank fee <sup>2</sup> ; No DEP fee; No I-Bank COI fee.
DW Lead Service Line Replacement Systems of <1,000 Systems of >1,000 to 5,000 Systems of >5000 n.b.) Subject to change.	30 Years	\$1M \$5M \$18M	0% 50% 50%	100% 50% 50%	\$30M	Fees: Standard DEP fee <sup>1</sup> ; and Standard I-Bank fee <sup>2</sup> . Notes: DW systems in communities with <1000 population lead service line replacement projects are eligible for 100% principal forgiveness. There is a \$1, \$5 or \$10M cap for systems of <1,000; 1,000 to 5,000; or >100,000 respectively. Once the respective caps have been reached, the remaining loan amount would be financed at the corresponding base rate, affordability rate, or Nano Financing.
DW Small Systems Engineering Program Systems serving ≤1,000	30 Years	\$750,000	0%	100%	\$2.M	Notes: Assistance w/ engineering costs. Available to small DW Systems serving a population of 1,000 or less.
DW Supplemental Loans (add'l funds for cost overruns)	See Fees/Notes					Fees: Standard DEP Fee <sup>1</sup> ; and Standard I-Bank Fee <sup>2</sup> . Notes: Term equal to original loan; No PFL.

\* 50% of the standard DEP fee will be incurred and financed through the I-Bank at the time of ST loan closing. This amount will be refinanced into the LT loan at the time of LT loan closing.

<sup>1</sup> Standard DEP fee = 2% loan origination fee on total project costs.

<sup>2</sup> Standard I-Bank fee = 0.30% annual fee on original I-Bank loan amount.

<sup>3</sup> Cost of Issuance (COI) fee = 0.10% on the I-Bank loan amount payable at time of LT loan issuance.

<sup>4</sup> Five fiscal years from time of DEP acceptance of CSO LTCP. Borrowers not responsible for additional issuance costs (excludes refinancing).