



COMMUNITY HAZARD ASSISTANCE MITIGATION PROGRAM

**STATE FISCAL YEAR 2025
FINANCIAL PLAN**

Submitted to the State Legislature by:

**The New Jersey Infrastructure Bank
The New Jersey State Police:
Office of Emergency Management**

May 2024



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Report to the Legislature
Pursuant to
P.L. 1985, Chapter 334
New Jersey Infrastructure Trust Act
as amended including P.L. 2016, c. 56

By

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I. INTRODUCTION / PROGRAM OVERVIEW

The New Jersey Infrastructure Bank¹ (the “I-Bank”) and the New Jersey State Office of Emergency Management within the Division of State Police in the Department of Law and Public Safety (“NJOEM”), are pleased to present the State Fiscal Year 2025 (“SFY2025”) New Jersey Community Hazard Assistance Mitigation Program Financial Plan (the “the Financial Plan” or “Report”) to the New Jersey State Legislature. The I-Bank is required to submit this Report by May 15th of each year pursuant to the New Jersey Infrastructure Trust Act, N.J.S.A. 58:11B-1 et seq., as amended (“the Act”) which establishes, among other things, the “New Jersey Community Hazard Assistance Mitigation Program” (“NJ CHAMP” or “Program”).

In accordance with the Act, the I-Bank, and the NJOEM (together, the “Partners”) jointly administer NJ CHAMP to make low interest loans for hazard mitigation and resilience projects (“NJ CHAMP Project” or “Project”) eligible for financing under the Federal Emergency Management Agency’s (“FEMA”) Safeguarding Tomorrow through Ongoing Risk Mitigation (“STORM”) Act with a mission to reduce the cost of financing for the critical infrastructure projects of New Jersey counties and municipalities. This Report for the NJ CHAMP Program’s second financing program year sets forth the plan by which NJ CHAMP Projects will be financed in SFY2025.

In January of 2024, the NJOEM published the Project Prioritization System and Project Priority List for SFY2025 that included:

- A description of Project and borrower eligibility requirements;
- The NJ CHAMP Priority System (“Priority System”) (“January Report”)²; and
- The initial NJ CHAMP Project Priority List (“PPL”) identifying Projects to be considered for funding in SFY2025.

This **Financial Plan** discusses the following NJ CHAMP initiatives for SFY2025:

- The loan application process, parameters, and standards of approval for loans;
- Available loans, loan terms, and the loan closing processes to be utilized in SFY2025 for Projects identified on the PPL.

1. The I-Bank is neither a “bank” nor a “savings bank” within the meaning the New Jersey Banking Act of 1948, or a “national banking association” or a “federal savings bank” within the meaning of the National Bank Act, nor is it subject to the supervision of New Jersey Department of Banking and Insurance (DOBI) or the Office of the Comptroller of the Currency (U.S. Treasury Department), the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation. The I-Bank does not accept “deposits” within the meaning of the New Jersey Banking Act of 1948 or the National Bank Act, and its obligations are not insured by the Federal Deposit Insurance Corporation.

2. The SFY2025 January Report is available at:

<https://cdn.njib.gov/champ/publications/SFY2025/SFY25%20CHAMP%20January%20Report.pdf>.

THE NEW JERSEY INFRASTRUCTURE BANK - OVERVIEW

The I-Bank is an independent state financing authority, in-but-not-of New Jersey Department of Treasury, authorized to issue, guarantee, or fund debt-service reserve accounts for revenue notes and bonds to make loans to finance the construction of eligible environmental, transportation and hazard mitigation and resilience infrastructure projects. Recognizing the inadequacy of funds available to local governments and water systems, the I-Bank, initially known as the New Jersey Wastewater Treatment Trust (“Trust”) was created by the New Jersey Infrastructure Trust Act, P.L.1985, c.334, N.J.S.A. 58:11B-1 et seq. (the “Enabling Act”) to help meet the cost of upgrading the State’s wastewater treatment capacity to comply with State water quality standards. In 1987, the Trust partnered with the DEP and together, issued the first series of loans under New Jersey’s state revolving fund (“SRF”) program. In 1997, the federal Drinking Water SRF Program was created and provided additional SRF funds to states for safe drinking water programs. The Enabling Act was subsequently amended in 1997 to increase the role of the Trust to include the financing of drinking water projects. As a result of this expanded authority, the Authority’s name was changed to the New Jersey Environmental Infrastructure Trust. Given its past successes in providing efficient financial services to New Jersey communities, the I-Bank’s role was once again expanded in January 2018 when the Enabling Act was further amended, granting it the authority to finance certain transportation infrastructure projects. Most recently, in May 2023 the I-Bank’s authorization was expanded to partner with the NJOEM to administer the NJ CHAMP program to finance projects that reduce risks from hazards and disasters eligible under FEMA’s STORM Act. The I-Bank now manages three separate financing programs: (i) the longstanding New Jersey Environmental Infrastructure Financing Program (“Water Bank”), (ii) in partnership with the New Jersey Department of Transportation, the New Jersey Transportation Infrastructure Financing Program (“Transportation Bank”) and (iii) the NJ CHAMP Program. **This Report is specific to the NJ CHAMP Program.**

ELIGIBLE PROJECTS / ELIGIBLE BORROWERS

NJ CHAMP loans are available for hazard mitigation and resilience Projects which have applied for FEMA grant funds and are aligned with the priorities and goals of a State or local hazard mitigation plan (“HMP”). NJ CHAMP financing is limited to NJ CHAMP eligible Project costs which have been incurred, including construction, engineering, legal counsel, financial advisor, permitting, project management and other costs as allowed pursuant to the STORM Act. NJ CHAMP financing excludes any costs for which other grants have been received.

For SFY2025, eligible borrowers for the Program are limited to counties and municipalities as well as agencies, instrumentalities, authorities, or corporations of any county or municipality. Eligible borrowers which request financing from NJ CHAMP (“Project Sponsors”) must demonstrate an ability to satisfy both the loan repayment obligations and creditworthiness standards as set forth in the I-Bank’s credit policy (“Credit Policy”) in effect at the time of loan closing. Eligible project types include:

- **Mitigation Activities:** Eligible project types include activities that mitigate the impact of natural hazards. Projects that reduce risk and increase resilience and align with the statutory objectives of the current State HMP are also eligible.

- **Non-Federal Cost-Share:** Loans may be used by local governments to satisfy a local government’s non-federal cost-share requirement for other FEMA Hazard Mitigation Assistance (“HMA”) grant programs, such as the Hazard Mitigation Grant Program, Hazard Mitigation Grant Program Post Fire, Building Resilient Infrastructure and Communities and Flood Mitigation Assistance grant programs.



Restoration Projects

PROJECT FUNDING METHODOLOGY / PROJECT LIST

The Priority System and ranking methodology is the mechanism by which limited funds are distributed among eligible Projects. The priority system incorporates the project eligibility requirements of FEMA’s STORM Act. Full details of the Priority System and ranking methodology are set forth in the SFY2025 January Report (see footnote 2 on page 1).

PROJECT PRIORITY LIST

Identification of a Project on the PPL is a prerequisite to receiving NJ CHAMP financing. Eligible Projects identified by the NJEOM are placed on the ensuing year’s PPL according to the NJOEM’s project ranking. The initial list of projects eligible for funding in SFY2025, pursuant to the SFY2025 Priority System, is set forth in the PPL. The Projects on the initial SFY2025 PPL consist of a pool of **seventy-two (72)** Projects with a total estimated cost of **\$331,075,116**.

The I-Bank may amend the PPL up to four times during each Financing Program year. The SFY2025 PPL is expected to be amended at the beginning of each quarter (July, October, January, and April). Projects will be placed on an amended PPL upon NJ CHAMP Program review and completion of initial due diligence

which consists of: (i) reviewing FEMA grant status to assess project eligibility, (ii) determining Project Sponsor eligibility and credit worthiness, and (iii) evaluating the reasonableness of cost estimates.

PROJECT FINANCING

NJ CHAMP makes available loans with a low 1% interest rate designed to significantly reduce the financing cost for a borrower participating in the Program relative to the cost of independent financing by that borrower. Loans will be offered by the I-Bank to the highest ranked, construction-ready Projects on a rolling basis.

Because NJ CHAMP is modeled after the longstanding Water Bank and the Transportation Bank, Project Sponsors that have participated in the Water Bank and/or the Transportation Bank will find the financing processes of NJ CHAMP familiar. Each Project financed through NJ CHAMP receives financing, similar to a Home Equity Line of Credit (HELOC), by only paying interest on funds drawn on the loan amount based on costs incurred. NJ CHAMP loans cover the cost of engineering work, certain soft costs, and construction. Borrowers are not obligated to make repayments until the earlier of construction completion, as determined by the I-Bank, or the end of five (5) full state fiscal years (the “Effective Date”). This structure offers: (i) low-cost capital (through a loan with flexible draw and repayment terms) available for Project design and construction costs; (ii) generally no debt service repayment until after construction completion; (iii) a loan maturity that is the lesser of the Project’s useful life (as certified by the Project Sponsor’s engineer) or 10, 15, or 20 years based on the loan size (30 years for projects in low-income geographic areas as defined at 42 U.S.C. § 5135(m)(5); and (iv) significantly lower interest rates on loans compared to independent financing by the Project Sponsor.

Project Sponsors may close on a loan for the entire eligible cost of the Project after the I-Bank has certified at least one of the Project’s contract(s) (e.g., engineering, construction management, or construction). Funds become available to the Project Sponsor for eligible Project costs upon loan closing and each individual contract certification. Funds are disbursed upon NJ CHAMP’s receipt and approval of requisitions and contractor invoices as discussed in Section II, Part D, “Loan Closing.”

Loan interest rates will be charged at a fixed rate of one percent (1%), pursuant to the requirements of the STORM Act. Financing will be provided from funds received from FEMA’s STORM Revolving Loan Fund (“RLF”), which includes the FEMA grant amount as well as New Jersey’s required ten percent (10%) match. A detailed discussion of financing terms and conditions may be found in Section II, Part D, “Loan Closing.”

ADVANTAGES OF NJ CHAMP FINANCING

Program participants realize significant cost-savings and benefits through the following Program features:

- Interest Cost Savings – In SFY2025, Program borrowers will receive a loan at a fixed interest rate of one percent (1%). This low cost of funds results in interest savings of approximately 24% of the total loan amount for an average A rated borrower with a Project receiving a 20-year loan (or 46% for a Project receiving a 30-year loan) when compared to the cost to the borrower financing the Project independently of the Program;

- Debt Service Payments Deferred During Construction – Accrued interest on the loan may be capitalized, at the borrower’s request, at the Effective Date. Repayments of principal and interest (as applicable) are deferred until the Effective Date;
- Minimized Financing Costs – To the extent allowable under the federal STORM Act, Program borrowers will be charged a flat 2% loan origination fee for the work and expense of reviewing Project Applications and disbursing funds, which fee may be divided and due in part at the time of the loan closing and the Effective Date, and an annual 0.17% administrative fee on the original loan amount for loan servicing;
- Level Debt Service / No Front-Loading Requirement – Local government units (“LGUs”) when issuing their own general obligation debt are required to “front load” their debt service schedule. This ensures that debt service payments are larger in the early years of the loan and decline over time. This Program provides for level debt service throughout the life of the loan, unless an alternate schedule is requested by the borrower, approved by the Director of the Division of Local Government Services (“DLGS”) within the State’s Department of Community Affairs and, as capacity of the Program allows;
- Upfront Cash – Funds are available at the commencement of Project design (and environmental planning, if applicable) through to construction completion of the Project. Funds are disbursed through an expedited requisition approval process, based on costs incurred, relieving Program borrowers from utilizing cash-on-hand to pay contractors and vendors up front (*note, the I-Bank’s other loan programs typically reimburse borrowers within fourteen (14) days of receipt of a complete requisition form and supporting documentation*);
- Broad Range of Allowable Costs – Associated project costs, including environmental planning (if applicable), engineering design, project management, and other professional fees necessary to finance or construct the Project may be financed through the Program based upon costs incurred; and
- Flexible Loan Maturity – A shorter term amortization schedule is available for borrowers who wish to minimize the repayment period of their loan.

II. FINANCING PROGRAM

A. SOURCES / USES OF FUNDS

On December 20, 2022, FEMA released the Federal Fiscal Year (“FFY”) 2023 Notice of Funding Opportunity making available a total of \$50 million to all states for the new STORM RLF program. On May 25, 2023, the NJOEM submitted the Proposed Priority System, Intended Use Plan and Project Priority List on behalf of NJ CHAMP in support of the Partners’ application to FEMA for STORM grant funds. In September 2023, FEMA announced that New Jersey was awarded \$6,462,963 in funding. New Jersey has dedicated the requisite 10% match requirement making over \$7 million in total available CHAMP funds in SFY2024. In addition, NJ CHAMP may utilize a portion of the annual grant funds received from FEMA for the cost of

administering the Program (see footnote for administrative cost restrictions)³. NJ CHAMP has submitted an Intended Use Plan to FEMA in application for additional STORM RLF funds in FFY2024.

For NJ CHAMP financing in SFY2025, the I-Bank will be utilizing STORM RLF funding and New Jersey’s match funds as sources of funding for loans. Certain Projects may also qualify for co-funding from one of the I-Bank’s other financing programs (Water Bank or Transportation Bank).

B. APPLICATION PROCESS

OVERVIEW

NJ CHAMP is modeled after the Transportation Bank. The similar structures include: (i) utilization of similar



Reconstruction Project

³ Pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L.93-288 as amended), amounts deposited in an entity loan fund, including loan repayments and interest earned on such amounts, may be used for the reasonable costs of administering the fund provided that such amounts for Program administration shall not exceed the greater of (i) \$100,000 per year, (ii) 2 percent of the capitalization grants made to the participating entity in a fiscal year, or (iii) 1 percent of the value of the entity loan fund. In addition, the Program may utilize any fees collected from Program participants regardless of the source for such purpose.

credit standards; (ii) availability of direct loans as early as the Project planning and design phase; and (iii) use of similar loan application processes and fees. NJ CHAMP features a flat 1% interest rate, a commitment to implement a streamlined application process, an expedited application review period, transparency to the borrowing community, and co-funding opportunities with the ability to use Program financing in conjunction with other financing programs, including the Transportation Bank and Water Bank.

A separate application is required for each NJ CHAMP Project. Loan applications are accepted at any time throughout the year, and to that end, readiness is a central component of Project prioritization. Applications are not accepted after construction advertisement unless prior approval from NJOEM is received. The Program's funding commitment arises at the time of loan closing, subject to the Project Sponsor's receipt of an I-Bank authorization to award a construction contract related to that loan. Generally, the loan application process is as follows:

1. The Project Sponsor's submission of the following:
 - Project Description form⁴ with Environmental Letter of Interest / Historic Preservation Documentation (as applicable);
 - Loan Application;
 - Engineering design and specifications;
 - Applicable permits;
 - An executed engineering or construction contract (or draft thereof); and
 - A completed Financial Addendum Form ("FAF")
2. The I-Bank's issuance of:
 - Creditworthiness Approval;
 - Authorization to Advertise Construction;
 - Applicable Contract Award Authorization; and
 - Applicable Contract Certification
3. The DLGS issuance of:
 - Approval of the Project Sponsor's Note or Bond issued to the I-Bank (as applicable)
4. FEMA issuance of:
 - Environmental (National Environmental Policy Act ("NEPA")) determination (as applicable); and
 - Historic Preservation determination (as applicable)
5. Execution of a Loan Agreement⁵

⁴ . Project descriptions for Projects included in the initial PPL set forth in Appendix A of this document were initially derived from the NJOEM's State Hazard Mitigation Project List.

⁵ While loans are made for the total estimated project cost, funding commitments are limited to the approved (certified) contract, typically commencing with the engineering contract, and ending with the final construction contract and commencement of repayments.

NJ CHAMP APPLICATIONS

Project needs from the State HMP, including projects with significant gaps in funding, serve as the foundation for NJ CHAMP applications. Projects are initially included on the PPL upon a Project Sponsor's application for FEMA funds for Project activities that are consistent with the priorities of the NJ State HMP. Project Sponsors interested in financing through NJ CHAMP may submit preliminary project information through the NJ CHAMP [application](#) on the I-Bank's website.

MEETINGS / STATUS MEETINGS

Conference Calls / Meetings. Upon receipt of a Project's application, application conference calls or meetings may be held with a Project Sponsor and its professional advisors to provide the Project Sponsor with an overview of the application process as it relates to its specific Project. As discussed in the Environmental Planning Section below, a Project Sponsor is provided with guidance as to what, if any, submissions are required to document a Project's potential impact upon the environment and historic properties (if applicable). In addition, a Project Sponsor is provided with other information to further reduce confusion, application related costs and delays.

A Project Sponsor is also provided guidance as to the submission of the engineering contract (draft or executed) and FAF in preparation for loan closing to ensure Program funding is in place to pay for professional services throughout the Project application process.

Application conference calls and/or meetings are required, and Project Sponsors must contact NJ CHAMP staff at 609-219-6581 to schedule an application conference call. Prior to the call, the Project Sponsor will be required to submit a brief description of the Project to enable staff to include the appropriate personnel on the conference call.

Status meetings are voluntary and held at the Project Sponsor's request to ensure continued transparency during the application review process. For first-time Project Sponsors, these meetings are highly encouraged.

C. CONTRACT REVIEW

All projects must undergo a review of the applicable contracts to receive certification from the I-Bank, a prerequisite to qualifying for financing from NJ CHAMP.

ENVIRONMENTAL PLANNING / HISTORIC PRESERVATION

Projects that may impact the environment, including, but not limited to, the construction of communication towers, modification or renovation of existing buildings, structures, and facilities, or new construction including replacement of facilities, must participate in FEMA's Environmental and Historic Preservation ("EHP") review process. Project types that do not require EHP reviews include mitigation planning, building code adoption and enforcement, and zoning and land-use planning. Because NJ CHAMP

will be funding the local match share of only those prioritized projects which have been identified by FEMA to receive a FEMA grant, NJ CHAMP will rely on FEMA's EHP reviews.

ENGINEERING

Program approval of engineering contracts (if financed through the Program), construction plans and construction contract specifications, as well as construction contract award is required as part of all NJ CHAMP applications.

Given the Program's focus upon financing Projects during its early years, guidance is focused below on initial engineering submissions for such Projects.

Project Sponsors are initially required to submit draft contract documents, including:

- Certification that the Project Sponsor has not and shall not enter into any contract with any person debarred/suspended from government contracting;
- Certification that the Project Sponsor and its contractors shall comply with discrimination and affirmative action provisions of N.J.S.A. 10:2-1 through 10:2-4;
- Disclosure of Investment Activities in Iran form; and
- Certification of Non-Involvement in Prohibited Activities in Russia or Belarus form.

Project Sponsors are also required to submit draft documents (e.g., Plans & Specifications) produced by a licensed professional engineer including but not limited to the following:

- A set of detailed plan drawings including site plan/section/elevation views;
- Current NJ prevailing wage rates;
- Bonding (performance, payment, maintenance as applicable) (N.J.S.A. 40A:2-1 et seq. and N.J.S.A. 40A:3-1 et seq.);
- Competition, brand name or equal unless otherwise justified (N.J.S.A. 40A:11-13(d));
- Equal Employment Opportunity certification form (23 CFR part 230-41 and N.J.A.C. 17:27-1);
- Affidavit of Non-Collusion form (N.J.S.A. 52:34-15);
- Certification of Non-Segregated Facilities form (41 CFR Part 60-1.8);
- Disclosure of Investment Activities in Iran form; and
- Certification of Non-Involvement in Prohibited Activities in Russia or Belarus form.

NJ CHAMP retains the right to request additional information from the Project Sponsor in conducting its review of either a Project's potential environmental impacts or engineering compliance with governing regulations.

PREVAILING WAGE / PERMITTING

Prevailing Wage. NJ CHAMP borrowers are required to pay not less than the prevailing wage rate to workers employed in the performance of any construction contract pursuant to P.L.1963, c.150 (C.34:11-56.25 et seq.) and P.L. 1985, c. 334, s.26 (N.J.S.A. 58:11B-26(b)), as applicable. Project Sponsors will be furnished with relevant provisions to be inserted in contract specifications during the application process.

Permits. NJ CHAMP borrowers are required to satisfy relevant State permits.

CONSTRUCTION CONTRACT ADVERTISEMENT / AWARD

Upon the I-Bank's approval of the application and technical submissions for each contract as compliant with NJ CHAMP requirements, the I-Bank will authorize the borrower to advertise and award the contract in accordance with the provisions of New Jersey's Local Public Contracts Law N.J.S.A. 40A:11-1 et seq. Borrowers shall submit construction bids, an official action authorizing the construction award, and an executed construction contract within 24 months of loan closing and within 120 days of issuance of the I-Bank's Authorization to Advertise. Failure to award construction in a manner compliant with the provisions of this paragraph shall result in the immediate revocation of the Authorization to Advertise, require the immediate repayment of the loan with reference to the stated contract and render the contract ineligible for I-Bank funding. If a Project is compliant with the requirements of, and has received approval for assistance from, another FEMA Grant program, the I-Bank will rely on the previously obtained approvals, as applicable, in lieu of the review requirements listed in this section above.

D. LOAN CLOSING

INTRODUCTION

Each NJ CHAMP Project Sponsor is required to issue a note or a bond to the I-Bank to evidence and secure its repayment obligation with respect to the I-Bank loan agreement. Each Project Sponsor is required to comply with the I-Bank's credit policy ("Credit Policy") in effect at the time of loan closing. Such conditions are central to the I-Bank's and the NJOEM's ability to meet their fiduciary obligations with respect to the Program in the management of public funds as well as ensuring loan repayments funds are available for future hazard mitigation and resilience Project loans.

LOANS

Each Project financed through NJ CHAMP will receive a loan that will serve to finance (a) environmental planning (if applicable), design (if applicable), and (b) construction. Upon completion of Project construction, a repayment schedule will be created and distributed to the borrower that incorporates all principal, interest, and fees due, with a term of the Project's useful life not to exceed the period set forth in N.J.S.A. 58:11B-6(d) from the initial loan closing date.

Loans may close as early as the Project design phase. These loans serve to finance eligible costs associated with planning, design, construction management, and construction. During this time, the Project Sponsor has up to five (5) full state fiscal years to complete the design and construction of the Project. The Effective Date of the loan is the date, which is the earlier of construction completion, as determined by the I-Bank, or at the end of five (5) full state fiscal years.

A single extension to the draw period is available to a Project which has been certified by NJOEM as requiring additional construction time beyond the Effective Date (a "Residual Draw Period"). In these cases, the amortization schedule will be set for the repayment of funds drawn through the Effective Date

including any fees, and a borrower may continue to draw upon the loan for an additional three years through the Residual Draw Period for remaining Project costs. The earlier of the Project's final construction completion date and the end of the Residual Draw Period shall be known as the "Modified Effective Date" of the loan. A revised amortization schedule will be distributed to the borrower on or about the Modified Effective Date inclusive of all payments (principal, interest, and fees) due on the loan. The interest rate on the funds drawn will be set based upon the applicable Financial Plan for the SFY in which the contract is certified. The revised amortization schedule will have a final maturity term equal to the final maturity term of the original amortization schedule.

Loans may be available upon satisfaction of the following:

- **Receipt of an I-Bank Contract Certification** – For a Project to receive NJ CHAMP financing, the I-Bank must certify that each of a Project's component contracts satisfies Program requirements, (e.g., engineering contract certification is a determination that costs associated with Project environmental planning and/or engineering design are eligible for financing, and construction contract certification is a determination by the Program that construction costs are eligible for financing);
- **Submission of an FAF and approval by the Director of the Division of Local Government Services** – While the actual requirements may vary by type of Project Sponsor (i.e., municipal, county or authority), information required in the FAF shall include (i) Project description; (ii) information pertaining to official action (ordinances and resolutions) and the status thereof; (iii) information regarding the anticipated draw needs with respect to the Project; (iv) litigation disclosure; and (v) Local Finance Board application information; and
- **Credit Approval** – All borrowers are required to satisfy the I-Bank's Credit Policy in effect at the time of loan closing. In brief, all Project Sponsors are generally required to have at least one investment grade rating, as defined in the Credit Policy, from Fitch Ratings, Moody's Investors Service or S&P Global Ratings, and no non-investment grade ratings. There are limited exceptions to this requirement listed in the Credit Policy and any addenda thereto (e.g., the ability of a borrower to supply a Qualified Bond issued pursuant to the provisions of the Qualified Bond Act, N.J.S.A. 40A:3-1 et seq.). In addition, each Project Sponsor is required to secure its note or bond to the Program with a direct or indirect General Obligation tax pledge with a dedicated source of revenue.

Upon satisfaction of the above, the I-Bank will contact the Project Sponsor to schedule the loan closing. In connection with the loan closing, the I-Bank will provide the Project Sponsor with the following documents: **i)** the form of Note to be issued by the borrower to the I-Bank, including a series of Exhibits for attachment thereto that may include but not be limited to, the following: (a) the Project description; (b) the basis for the determination of allowable costs of the Project; (c) the loan disbursement schedule; (d) the Project event schedule, (e) the general administrative requirements; (f) a form of certification regarding lobbying, as well as, a disclosure of lobbying activities form, if applicable; and **ii)** the form of opinion to be rendered by bond counsel and general counsel to the borrower (including, without limitation, opinion points with respect to the enforceability of the Note). In addition to such forms to be

completed and submitted by the borrower at closing in the form required by NJ CHAMP, the borrower must provide a certified copy of its official action relating to the authorization of its Project and the issuance of the Note.

Upon loan closing, funds are committed for the total estimated Project cost. However, only funds related to contracts that have been certified will be available to draw. For example, upon certification of the planning and design contract, only those funds related to the activities of that contract are available to the Project Sponsor. Additional funds become available to draw upon at the time of certification of each construction contract by the I-Bank. In addition, the terms and conditions of the Project's financing are committed upon each construction contract certification for that portion of the project.

DISBURSEMENT OF FUNDS

Upon loan closing, NJ CHAMP funds for eligible costs will be disbursed by the I-Bank upon the review and approval of contractor invoices and requisitions. Funds are disbursed to a borrower upon the borrowers' demonstration that project costs have been incurred. A borrower is not required to either pay or demonstrate that it has paid such costs.

Disbursements for Project expenses will be made pursuant to requisitions submitted by borrowers on certified contracts. All interest charges relating to funds drawn during the design and construction phases will be assessed on outstanding requisitioned amounts for the time period such amounts are outstanding. Interest will accrue at a fixed rate of one percent (1%), consistent with the requirements of the STORM Act. At the discretion of the borrower, accrued interest through the Effective Date may either be paid directly by the borrower at the Effective Date or capitalized into the borrower's loan repayments.

E. FINANCING

In anticipation of loan closing, construction ready Projects listed on the PPL (in rank order) will be placed on the Project Eligibility List ("PEL"). To be eligible for long-term financing, Projects must be identified in an appropriations bill passed by the Legislature and signed into law by the Governor and receive certification from the State Treasurer and approval of the I-Bank Board for the financing.

NJ CHAMP loans are limited to a minimum Project size of \$150,000 and a maximum Project size of \$5,000,000. Loans will bear a fixed interest rate of one percent (1%), consistent with the requirements of the STORM Act. The term of the loan shall be the lesser of the Project's useful life, based on a certification by the borrower's consulting engineer, or, depending on the size of the loan up to 20 years (30 years for projects in low-income geographic areas as defined at 42 U.S.C. § 5135(m)(5)). Loans up to \$500,000 will be limited to 10 years. Loans greater than \$500,000 and less than or equal to \$1,000,000 will have a maximum term of 15 years. Loans greater than \$1,000,000 will have the maximum term permitted by the STORM Act (e.g., 20 years or 30 years). NJ CHAMP reserves the right to set a shorter maturity term based upon State or national projections of the impact of climate change on any project, such as rising sea level.

STATE-AID INTERCEPT

The Act authorizes the State Treasurer to intercept State aid to eligible LGUs that fail to meet their debt obligations to the I-Bank and to utilize those State aid funds to satisfy the LGU's debt obligations to the I-Bank.

The I-Bank will employ its State aid intercept powers to intercept funds of any borrower that has defaulted on its I-Bank obligation. Intercepted funds will be applied to make up any repayment deficiencies to the I-Bank. Further, the I-Bank may take other actions to cause the LGU to repay in a timely manner any sums in default pursuant to the terms of the LGU's loan agreement.



Restoration and Flood Mitigation

COVENANTS AFFECTING THE LOCAL UNIT

The NJ CHAMP loan agreements and other collateral securing such loan agreements must be legally valid and binding obligations of the borrower or LGU. Borrower bond counsel is required to provide the I-Bank with opinions that such obligations are legally binding and valid.

Consequently, each borrower must be able to make certain representations concerning its status. Ordinances and resolutions of the governing body must be in place to establish that the borrower has the legal right and authority to undertake the Project, and own, operate and appropriately maintain the Project. The borrower will need to certify that no undisclosed fact or event, and no pending litigation, will materially adversely affect the borrower, the Project, or the ability to make timely loan repayments.

Other covenants include:

- A pledge of borrower's full faith and credit to exercise the unlimited *ad valorem* taxing power of the LGU to insure the timely payment of principal, interest, and fees;
- The intercept of State aid payable to a general obligation borrower who fails to meet I-Bank loan repayment and/or administrative fee payment schedules;
- A limitation on the borrower's discretion to issue Qualified Bonds unless the coverage afforded by State aid anticipated for the current fiscal year is equal to a reasonable coverage test, which test in the past has required that the annual debt service on all outstanding Qualified Bonds divided by the annual funds available for debt service payments pursuant to the Qualified Bond Act that does not exceed 0.80;
- A limitation on the use of loan proceeds to pay only allowable costs of the project funded by the loan;
- A limitation on the borrower's right to sell, lease, abandon or otherwise dispose of the infrastructure that is the subject of the Project without (i) an effective assignment of the borrower's loan obligations, (ii) the prior written approval of the I-Bank, and (iii) an opinion from the I-Bank's bond counsel that such sale, lease, etc. will not have an adverse impact on either the security for the I-Bank's bonds or the tax-exempt status (if applicable) of the I-Bank's bonds;
- A prohibition on other actions that may jeopardize the tax status of the bonds issued by the I-Bank (if applicable).

The I-Bank may impose additional covenants on certain borrowers to address unique circumstances.

TERMS OF REPAYMENT

Interest begins accruing on the I-Bank's loan when such monies are requisitioned and paid to the Project Sponsor. Interest will continue accruing until such time as the earlier of construction completion or the Effective Date (or the Modified Effective Date for all remaining costs of a Project drawn on and financed through the Residual Draw Period). The principal of a loan will include all funds drawn for expenses which have not otherwise been repaid, as well as any fees financed through the loan.

Other repayment terms include:

- A level annual repayment schedule for the loan, with interest and principal payable in semi-annual installments, unless an alternate schedule is requested by the borrower, approved by the Director of DLGS, and as capacity of the Program allows;
- To the extent allowable under the STORM Act, the Project Loan Origination Fee may be financed under the loan.
- The I-Bank's annual administrative fee at the rate of 0.17% of the original principal amount of the loan shall be paid semiannually for the term of the loan commencing upon the Effective Date with the first loan repayment. Administrative fee revenue up to 0.02% may be reserved to assist disadvantaged communities (i.e., areas with a Centers for Disease Control Social Vulnerability Index ("CDC SVI") greater than or equal to 0.6, or geographic areas within Tribal jurisdictions) with

Technical Assistance in preparing and implementing plans for capital projects financed through the Program; and

- A late charge of 12% per annum, or 0.50% above the prime rate, whichever is greater, on the outstanding loan balance calculated from the due date until such date that a borrower's loan payment is received in-full, inclusive of fees.

The loan agreements may also provide borrowers with an option to prepay loan obligations without penalty. Prepayment of the I-Bank loan requires 90 days written notice to the I-Bank and written approval from the I-Bank of such prepayment. I-Bank loan prepayments, at a minimum, must satisfy the payment in-full of accrued interest (if applicable), and principal through the prospective payment date for which the prepayment is to be credited and any fees incurred by the Program to execute such prepayment. In addition, whether or not prepayment is involved, any modification of the local government bonds securing the I-Bank loan requires prior, written approval of the I-Bank.

DEFAULT

The loan agreements will define an Event of Default as any one of the following:

1. failure by the Borrower to pay, or cause to be paid, any Loan Repayment required to be paid when due, on time and in full;
2. the failure to make timely payment of an administrative fee or late fee within 30 days after written notice is given;
3. the representation of false and misleading information that has a material effect on the integrity of the loan agreements or related documents;
4. the filing by or against a borrower of any petition of bankruptcy or insolvency or other similar law;
5. the general failure of the borrower to pay its debts when due (i.e., cross defaults); and
6. the failure to observe or perform any other duties, obligations or responsibilities required for participation in NJ CHAMP.

With respect to the Events of Default specified in (2) and (6), the Trustee may be authorized to provide relief for up to 120 days if the borrower can represent that the failure to pay, observe or perform is correctable and in process within that time frame. In addition, default may be averted if a petition of bankruptcy or insolvency is dismissed without prospects for appeal.

In an event of payment default, the I-Bank may accelerate the loan, and in the event of any default, the I-Bank may elect to take whatever action at law or in equity it deems necessary or direct the Trustee to pursue these remedies.

F. FEES

Loan Origination Fee

A Loan Origination Fee in the amount of 2% of the final project cost is charged to all borrowers. This non-refundable Loan Origination Fee offsets the cost of preparing the Project for financing including design

review services, requisition review and fund disbursement, site inspection services, legal fees, credit review and modeling, document processing and administrative expenses provided by the staff and consultants of NJ CHAMP on behalf of a borrower in connection with, and as a condition precedent to, the inclusion of the borrower's Project in the Program. The Loan Origination Fee may be divided and due in part at the time of the loan closing and the Effective Date. A portion of the Loan Origination Fee may be financed through the loan to the extent funds are available and financing such costs is permissible under the STORM Act. This fee will be drawn on the date of loan closing and transferred to the I-Bank in satisfaction of this partial fee payment obligation. Any remaining balance of the Loan Origination Fee is trued-up based on the final Project cost and due and payable by the borrower upon the Effective Date as a component of the borrower's first loan repayment.

Cost of Issuance Fee

A fee equal to 0.10% on the portion of the total original principal amount of the loan that is anticipated to be financed with private capital is applied to all borrowers for Cost of Issuance at the loan closing.

Administrative Fee (Loan Servicing Fee)

A separate loan servicing fee in the amount of up to 0.17% of the total original loan amount per annum is payable semi-annually to the I-Bank throughout the loan repayment period by all borrowers to offset the I-Bank's ongoing loan servicing efforts. Up to 0.02% of the total original loan amount collected as the Administrative Fee may be set aside and dedicated to assist disadvantaged communities (areas with a CDC SVI greater than or equal to 0.6, or geographic areas within Tribal jurisdictions) with early technical assistance, which includes, but is not limited to, technical assistance and operating expertise, and public engagement services and community education, as well as any other form of aid to develop and support the success of financing capital projects through the Program.

Event of Default Fees and Expenses

The borrower is charged reasonable fees, including attorney fees, a two percent (2%) interest rate default penalty, and other expenses incurred in the collection of repayments or any other sum due or the enforcement of the performance of any duties, covenants, obligations, or agreements of the borrower under the loan agreement. The hourly cost of professional services is set forth in agreements between the I-Bank and its professional advisors.

Engineering Costs

To the extent that consulting engineers are used by the Program for application review or construction management for a borrower's Project, such costs may be charged to the borrower. The borrower's Loan Origination Fee discussed previously will be reduced in accordance to offset any such charge. The hourly cost of such services will be set forth in agreements between the I-Bank and its consulting engineers.



Emergency Generator

III. APPENDICES

SFY2025 NJ CHAMP Financing Program Project Eligibility List

A

SFY2025 Operating Budget

B

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APPENDIX A

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Appendix A

SFY2025 Project Eligibility List

Priority List Rank	Applicant	Project No.	Estimated Total Project Amount	Estimated Total Loan Amount	Project Description
1	Jersey City	RB0906-001	\$ 5,053,524	\$ 1,360,000	McGovern Park Resilience
20	Hoboken City	RB0905-001	\$ 13,188,272	\$ 1,800,000	Southwest Park Expansion
33	Stafford Township	RB1531-001	\$ 2,532,436	\$ 570,000	Elevations
36	Bergen County Utilities Authority	RB0200-UA-001	\$ 5,993,832	\$ 1,610,000	Flood Mitigation of Joint Meeting Pump Station
46	Rochelle Park Township	RB0254-001	\$ 2,595,146	\$ 2,140,000	Reconstruction of Sanitary Sewer Pump Station
59	Marlboro Township	RB1330-001	\$ 1,757,775	\$ 520,000	Nolan Road Streambank Stabilization
	Total Projects: 6		\$ 31,120,985	\$ 8,000,000	

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APPENDIX B

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**APPENDIX B
SFY2025 BUDGET**

**NEW JERSEY INFRASTRUCTURE BANK
July 1, 2024 to June 30, 2025**

		Water		Trans		CHAMP		Combined	
		2024	Draft 2025	2024	Draft 2025	2024	Draft 2025	2024	Draft 2025
REVENUES									
Total Annual Admin Fee		6,135,140	6,140,823	71,443	97,255	-	-	6,206,583	6,238,078
Transportation Origination Fee LT and ST				700,883	518,337	-	-	700,883	518,337
Unrestricted Admin Fee Total =		6,135,140	6,140,823	772,326	615,592	0	0	6,907,466	6,756,415
INTEREST INCOME / ONE-TIME FEES	Loan Surcharge (COI at closing)(Fall Deal)	289,894	97,500	6,977	5,476	-	-	296,871	102,976
	Loan Surcharge (COI at closing)(Spring Deal)	87,022	67,500	6,977	5,476	-	-	93,999	72,976
	Loan Surcharge Total =	376,916	165,000	13,954	10,952	0	0	390,870	175,952
	Short-Term Loan Interest Income	2,808,289	2,684,667	566,652	625,151	-	-	3,374,941	3,309,818
	Direct Long-Term Loans Interest Income	179,864	178,590	952,571	1,069,510	-	-	1,132,435	1,248,100
	Net Earnings Credits From Bond Maturities	67,302	34,530	-	0	-	-	67,302	34,530
	BRIC Reimbursement	150,000	75,000	-	0	-	-	150,000	75,000
	Investment Interest Income:	704,000	712,000	3,690,000	2,871,685	14,400	8,349	4,408,400	3,592,035
	State Appropriations for Operations	-	0	1,600,000	1,600,000	240,000	240,000	1,840,000	1,840,000
	Other Income Total =	3,909,455	3,684,786	6,809,223	6,166,346	254,400	248,349	10,973,078	10,099,482
TOTAL REVENUES =		10,421,510	9,990,610	7,595,504	6,792,891	254,400	248,349	18,271,414	17,031,850

		2024	Draft 2025	2024	Draft 2025	2024	Draft 2025	2024	Draft 2025
EXPENSES									
FINANCING PROGRAMS	Bond Counsel								
	- Bond/Loan Issuance Costs (M&E, CSG)	804,250	823,350	220,000	120,000	59,617	-	1,083,867	943,350
	- Program / Development Charges (M&E, CSG)	414,000	484,178	160,000	100,000	-	60,000	574,000	644,178
	B.C. Total =	1,218,250	1,307,528	380,000	220,000	59,617	60,000	1,657,867	1,587,528
	Financial Advisor								
	- Bond/Loan Issuance Costs (PFM, Hilltop)	220,500	170,850	50,000	37,500	-	-	270,500	208,350
	- Program / Development Charges (PFM, Hilltop)	131,500	125,000	40,000	40,000	-	-	171,500	165,000
	F.A. Total =	352,000	295,850	90,000	77,500	0	0	442,000	373,350
	Technical Assistance Set Aside	90,955	-	5,582	-	-	-	96,537	-
	Short Term Borrowing Fees and Interest	1,308,125	957,500	-	-	-	-	1,308,125	957,500
Custodial, Trustee, MPT and Loan Servicer Fees (Includes UCC Filings)	231,225	244,624	14,150	16,128	-	30	245,375	260,782	
Rating Service (ST & Bond Programs)	585,960	339,475	-	30,225	-	-	585,960	369,700	
Arbitrage Rebate Services	38,950	41,050	-	-	-	-	38,950	41,050	
3rd Party Bond Issuance Expenses (iPREO, Newspapers, POS/OS)	38,517	51,790	-	-	-	-	38,517	51,790	
TOTAL FINANCING PROGRAM EXPENSES =		3,863,982	3,237,817	489,732	343,853	59,617	60,030	4,413,330	3,641,700

NUB OPERATIONS	Total Salaries & Fringe (Original)	3,178,728	3,448,625	1,445,411	1,349,255	145,485	85,506	4,769,624	4,883,385	
	a. FTE Salaries (Original)	2,158,283	2,327,793	981,400	910,736	98,781	57,716	3,238,463	3,296,244	
	b. Fringe	1,020,446	1,120,832	464,010	438,519	46,704	27,790	1,531,160	1,587,141	
	Human Resources (HRIS+Payroll Svcs, Train, Memberships, Recruit)	29,111	32,386	13,237	12,671	1,332	803	43,681	45,860	
	I.T. - Expenses (Hardware, Software, Online Services)	304,006	377,130	138,235	147,550	13,914	9,351	456,155	534,030	
	Admin Expenses General (Office supplies, bond buyer, pubs, etc.)	16,681	16,525	7,585	6,465	763	410	25,029	23,400	
	Facilities - Rent & Property Insurance, PSEG	196,284	162,555	89,253	63,599	8,984	4,030	294,521	230,185	
	Investment Advisor (PFM-AM)	101,568	106,617	49,053	49,447	-	-	150,621	156,064	
	Auditor									
	- NUIB Financials (CLA LLP)	18,594	39,542	8,455	10,776	851	683	27,900	51,000	
	- State CW/DW SRF Financials (CLA LLP)	56,700	63,000	-	-	-	-	56,700	63,000	
	Internal Control Audit (CohnReznick)	94,303	70,620	42,881	27,630	4,316	1,751	141,500	100,000	
	Accounting System Maintenance & Support	17,528	N/A	7,970	N/A	802	N/A	26,300	N/A	
	State Liason Charges (AG/GAU)	88,574	155,462	56,262	34,955	-	15,002	144,836	205,419	
	Reports, Publications, Conferences & Marketing	45,943	45,842	20,891	11,951	2,103	596	68,936	58,388	
	Vehicle (Insurance, gasoline, maintenance)	7,354	4,763	3,344	1,864	337	118	11,035	6,745	
	Depreciation (Other: IT, Furniture, etc)	15,785	22,301	8,536	12,576	275	677	24,596	35,554	
	Board Member Expense (Bond + misc)	26,699	49,434	12,140	19,341	1,222	1,226	40,061	70,000	
	TOTAL OPERATING EXPENSES =		4,197,857	4,594,800	1,903,253	1,748,078	180,383	120,152	6,281,493	6,463,030

TOTAL EXPENDITURES =	8,061,839	7,832,617	2,392,984	2,091,931	240,000	180,182	10,694,823	10,104,730
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Unencumbered Contingencies (for Direct Loans, etc.)	2,359,671	2,157,992	5,202,519	4,700,960	14,400	68,168	7,576,591	6,927,120
One Time charge for Net Pension Liability (TRD Pension)	(2,665,810)	(2,824,782)	(1,212,180)	(1,105,180)	-	(70,038)	(4,000,000)	(4,000,000)
Net Unencumbered Contingencies (for Direct Loans, etc.)	(306,138)	(666,790)	3,990,340	3,595,780	14,400	(1,870)	3,576,591	2,927,120

		Water		Trans		CHAMP		Combined	
		2024	Draft 2025	2024	Draft 2025	2024	Draft 2025	2024	Draft 2025
TECHNICAL ASSISTANCE SET ASIDE									
Revenues									
From Prior Year Loans		\$ -	\$ 66,252	\$ -	\$ 1,751	\$ -	\$ -	\$ -	\$ 68,004
From New Issue Loans (estimate)		\$ -	\$ 89,333	\$ -	\$ 4,422	\$ -	\$ -	\$ -	\$ 93,755
Total T/A Set Aside Revenue		\$ -	\$ 155,586	\$ -	\$ 6,173	\$ -	\$ -	\$ -	\$ 161,759
Expenses									
Technical Assistance Program		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Technical Assistance Set Aside (2 bps)		\$ -	\$ 155,586	\$ -	\$ 6,173	\$ -	\$ -	\$ -	\$ 161,759

NEW JERSEY INFRASTRUCTURE BANK

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