



NEW JERSEY TRANSPORTATION INFRASTRUCTURE FINANCING PROGRAM

STATE FISCAL YEAR 2024 FINANCIAL PLAN

Submitted to the State Legislature by:

**The New Jersey Infrastructure Bank
The New Jersey Department of Transportation**

MAY 2023



New Jersey Infrastructure Bank

Public Board Members

Robert A. Briant, Jr., Chairperson

Mark Longo, Vice Chairperson

Jack Kocsis, Jr., Treasurer

James McManus, Jr., Secretary

Ex-Officio Members

Elizabeth Maher Muoio, New Jersey State Treasurer

Diane Gutierrez-Scaccetti, DOT Commissioner

Shawn LaTourette, DEP Commissioner

Sheila Y. Oliver, DCA Commissioner

Executive Director

David E. Zimmer, CFA

Mailing Address

3131 Princeton Pike

Building 4, Suite 216

Lawrenceville, NJ 08648



New Jersey Department of Transportation

Mailing Address

1035 Parkway Avenue
Trenton, NJ 08625-0600
(609) 963-2200

Location Address

David J. Goldberg Transportation Complex
1035 Parkway Avenue
Ewing, NJ 08618

**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

Robert A. Briant, Jr.
Chairperson
New Jersey Infrastructure Bank

Diane Gutierrez-Scaccetti
Commissioner
New Jersey Department of Transportation

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I. INTRODUCTION/PROGRAM OVERVIEW

The New Jersey Infrastructure Bank¹ (the “I-Bank” or “NJIB”) presents the New Jersey Transportation Infrastructure Financial Plan (the “Financial Plan” or “Report”) for State Fiscal Year (“SFY”) 2024 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.* (the “Act”) which establishes, among other things, the “New Jersey Transportation Infrastructure Financing Program” (the “Transportation Bank” or “Program”).

In accordance with the Act, the I-Bank, and the New Jersey Department of Transportation (“DOT” or “Department”) jointly administer the Transportation Bank to make low interest loans to New Jersey counties, municipalities, and regional transportation authorities, or any other political subdivision or instrumentality of the State of New Jersey (“New Jersey” or “State”) for critical transportation infrastructure projects.

In January of 2023, the DOT published the **Project Priority Report** for SFY2024 that included:

- A discussion of project eligibility requirements;
- The Transportation Infrastructure Bank Priority System (“Priority System”) (“January Report”); and
- The initial Transportation Infrastructure Project Priority List (“PPL”) SFY2024.²

This **Financial Plan** discusses the following Transportation Bank financing initiatives for SFY2024:

- The loan application process, parameters, and standards of approval for loans;
- The allocation of funds for each quarter to be utilized for project loans;
- Available loans, loan terms, and the loan closing processes to be utilized in SFY2024 for Projects identified in the PPL as updated and amended each quarter in SFY2024; and
- A summary of the status of the projects which received short-term loans from the I-Bank in SFY2023.

ELIGIBLE PROJECTS / ELIGIBLE BORROWERS

In accordance with the Act, the Transportation Bank is authorized to finance under separate funding programs (i) surface transportation, (ii) marine and (iii) aviation projects (individually “Project”; collectively, “Projects”).

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 (“US 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 SFY2024 January Report is available at: <https://cdn.njib.gov/njtib/publications/sfy2024/SFY2024-January-Report.pdf>

Transportation Projects

The Transportation Bank is authorized to finance capital projects for public highways, approach roadways and other necessary land-side improvements, ramps, signal systems, roadbeds, transit lanes or rights of way, pedestrian walkways and bridges connecting to passenger stations and servicing facilities, bridges, and grade crossings ("Transportation Project"). Eligible borrowers (each a "Borrower") are local government units, including counties, municipalities, municipal/county/regional transportation authorities, or any other political subdivision of the State, authorized to construct, operate, and maintain public highways or Transportation Projects. A detailed discussion of project and Borrower eligibility is set forth in the SFY2024 January Report.

Transportation Bank financing is limited to Transportation Project costs incurred, which include costs or fees related to construction, engineering, legal counsel, financial advisor, permitting, project management, financing, and any other costs or fees as recognized in N.J.A.C. 16:20B-4, excluding any costs for which DOT or other grants have been received. Grant funds for the specific Project being financed that are received prior to loan closing must be utilized, by the local government unit that is seeking a Transportation Bank loan ("Project Sponsor") to cover a portion of the project costs. Grant funds for the specific Project being financed that are received after loan closing shall be used towards the repayment of the Transportation Bank loan.

Marine Projects

The Transportation Bank is authorized to finance projects to develop or improve public port or terminal facilities, and related infrastructure or capital equipment, including, but not limited to, any design, planning, acquisition, construction, reconstruction, relocation, installation, removal, repair or rehabilitation project that facilitates, increases the efficiency of, or improves the capacity for inter-modal trade and cargo movement for commercial or industrial facilities that are part of port or terminal facilities. Such projects include dredging, soil hardening, paving of the port facilities, and ferry terminal facilities designed for public use and the transportation of people and goods such as watercraft, docks, wharves, piers, slips, storage places, sheds, warehouses, and related infrastructure. At present, no funds have been appropriated for the marine financing program.

Aviation Projects

The Transportation Bank is authorized to finance projects to develop or improve county or municipal airport facilities, or airport facilities owned or operated by a regional transportation authority that is not a bi-state authority, and related infrastructure or capital equipment, including any design, planning, acquisition, construction, reconstruction, relocation, installation, removal, repair or rehabilitation project that facilitates, increases the efficiency of, or improves the capacity for inter-modal trade for commercial and industrial facilities that are part of airport facilities. Such projects include any project to develop or improve terminal facilities designed for public use and for the transportation of people and goods, such as airports, runways, berms, basins, storage places, sheds, warehouses, and related infrastructure. At present, no funds have been appropriated for the aviation financing program.

PROJECT FUNDING METHODOLOGY / PROJECT LIST

The Priority System and ranking methodology are the basis for determining the allocation of the limited Transportation Bank funds to projects. The Priority System incorporates the project eligibility requirements of N.J.A.C. 16:20A and 16:20B for Transportation Projects. Full detail of the Priority System and ranking methodology are set forth in the SFY2024 January Report (see footnote 2 on page 1).

PROJECT PRIORITY LIST / FUNDING ALLOCATION

Transportation Project Priority List (“PPL”)

Identification of a Project on the PPL is a prerequisite to receiving Transportation Bank financing. Once a project sponsor (each, a “Project Sponsor”) submits an application to the Transportation Bank for financing, Projects are placed on the ensuing year’s PPL according to DOT’s preliminary project ranking. This process is discussed further in Section II, Part B, “Financing Program/Application Process.” The initial list of Projects eligible for funding in SFY2024, pursuant to the SFY2024 Priority System, is set forth in the PPL. The Projects on the initial SFY2024 PPL consist of a pool of **twenty-seven (27)** Projects with a total estimated cost of **\$135.4 million**.

The I-Bank may amend the PPL up to four times during each Financing Program year. The SFY2024 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 Transportation Bank staff’s review and completion of initial due diligence. Initial due diligence consists of: (i) gathering information relevant to assessing project eligibility, (ii) determining Project Sponsor eligibility and credit worthiness, (iii) evaluating the reasonableness of cost estimates, and (iv) forecasting a project application and construction schedule.

Transportation Project Funding Allocation

Projects on the PPL are allocated funds upon the Project Sponsor’s representation that the construction award will meet the ensuing year’s construction readiness standards, as outlined in the applicable January Report. Projects eligible to receive BIL Match funds are allocated funds by the I-Bank at the time the project is placed on the PPL. At the beginning of each quarter, the DOT applies base ranking to all projects for which initial due diligence is complete. Additional ranking points are applied to projects based on readiness to proceed and loan status as set forth in the January Report. At that time, Projects are placed on the amended PPL in ranked order.³ Funds allocated for that quarter, as set forth in the Transportation Bank’s Financial Plan, in addition to any funds unallocated from prior quarters, will be applied to projects in ranked order. The Transportation Bank notifies Project Sponsors of Project allocation through a “Funding Allocation Notice.” At the discretion of the I-Bank’s Executive Director, up to 50% of the quarterly allocation may be prioritized to fund eligible cost increases of Projects for which funds have already been allocated in a prior quarter. Such cost increases are available to Projects for up to 20% of total Project cost. Cost increases in excess of this threshold amount require DOT and I-Bank approval.

³ The SFY2023 3rd Amended Interim PPL was published on 1/14/2023 and is available at:
https://cdn.njib.gov/njtib/publications/sfy2023/SFY23_Trans_3rd_Amended_PPL.pdf

Deallocation and Penalty for Bypass

With the exception of BIL Match Projects, which do not have a Scheduled Award Date, upon receiving an allocation, most projects have 12 months (24 months for bridge projects and three years for more complicated projects) to receive concurrence of award to proceed with construction from the DOT (“Concurrence of Award”). Failure to achieve Concurrence of Award from the DOT within that timeline, may result in the forfeiture of the allocated funds through a deallocation, along with a penalty reduction of 5 points from the overall rating of the project. Projects that are deallocated will remain on the PPL for another quarter before being removed entirely from the PPL. The I-Bank will attempt to communicate with Borrowers to determine their intention to remain on the PPL.

The anticipated SFY2024 appropriation of funds for surface Transportation Projects is as follows:

Projected Availability of Funds for SFY2024			
Current Year Appropriations	Current Year Leverage	Available Funds from Prior Years ^a (including leverage)	Total Available SFY2024
\$21 million	\$21 million	\$126.5 million	\$168.5 million

^a Prior Year Available Funds include unutilized appropriations, interest and fees earned, and long-term loan repayments.

Marine and Aviation Project Funding Allocation

Funds to finance Marine or Aviation Projects have not yet been appropriated by the State Legislature. While projects may be placed on the PPL based on the ranking methodology set forth in the January Report, allocations will only be made subject to the specific appropriation of funds by the State Legislature for marine and aviation projects which are separate and apart from the funds appropriated by the State Legislature for surface Transportation Projects.

PROJECT FINANCING

The Transportation Bank offers low interest loans designed to significantly reduce the financing cost for a Borrower participating in the Transportation Bank relative to the financing cost associated with independent financing by that Borrower. Loans will be offered by the I-Bank to the highest Priority System ranked, construction ready projects on a quarterly basis.

Because the Transportation Bank is modeled after the longstanding New Jersey Environmental Infrastructure Financing Program (the “Water Bank”), Project Sponsors that have participated in the Water Bank will find the financing processes of the Transportation Bank familiar. Each Project financed through the Transportation Bank initially receives a Short-Term Construction Financing Program Loan (“Short-Term Loan”) to finance the cost of engineering work, certain soft costs, and construction that, thereafter, is refinanced, generally at construction completion, through long-term financing (“Long-Term Loan”). This structure offers: (i) low-cost capital (through a Short-Term Loan) from Project design through construction completion; (ii) generally no debt service repayment until after construction completion; (iii)

a Long-Term Loan maturity that is the lesser of the Project's useful life (as certified by the Project Sponsor's engineer) or 31 years; and (iv) significantly lower interest rates on Long-Term Loans compared to independent financing by the Project Sponsor.

Project Sponsors may close on a Short-Term Loan for the entire eligible cost of the project after the Transportation 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 Short-Term Loan closing and each individual contract certification, and are disbursed upon the Transportation Bank's receipt and approval of requisitions and contractor invoices as discussed in Section II, Part D, "Short-Term Construction Financing Program; Loan Closing."

Short-Term Loan interest rates will be set monthly as directed by the I-Bank's Board of Directors ("Board"). Financing will be provided from a combination of funding sources. A detailed discussion of short-term financing terms and conditions may be found in Section II, Part D, "Short-Term Construction Financing Program; Loan Closing."

In SFY2024, the Transportation Bank is offering interest free Short-Term and Long-Term Loans for projects that have received a commitment of competitive grant funds from the United States Department of Transportation through the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law ("BIL"), signed into law by President Biden on November 15, 2021. The Transportation Bank recognizes the challenges disadvantaged communities face in meeting the match requirement for these grants. The Transportation Bank's BIL Match program (as described below) provides disadvantaged communities quick access to funds at zero percent interest to cover their federal grant match requirement. The Transportation Bank is also offering conduit loans for qualifying redevelopment projects.

ADVANTAGES OF TRANSPORTATION FINANCING

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

- Available Financing During Construction – Through Short-Term Loans, funds are available upon certification of the Project's engineering contract through construction completion. Funds are disbursed through an expedited requisition review process (usually 2-14 business days), enabling payments to contractors on a timely basis and relieving Borrowers from utilizing cash-on-hand or costly bank lines of credit;
- Generous Allowable Costs – Associated project costs that may be financed through the Transportation Bank include: engineering design, project management, and other Project-related fees (i.e., legal, financial and other advisory services) necessary to finance or construct the Project. Advanced payment by the Borrower for services rendered is not a prerequisite to a Borrower's submission of requisitions or receipt of corresponding funds from the I-Bank. Such funds are disbursed upon the I-Bank's receipt and approval of eligible contractor invoices;
- Interest Cost Savings During Construction – In SFY2024, Borrowers will receive a Short-Term Loan with an interest rate determined by the Board that is set monthly and shall be based on the I-

Bank's cost of short-term funds and market rates. For example, the short-term loan rate on April 1, 2023 was set at 2.300%. This rate was approximately 1% below the average 1-year AA rated tax-exempt Bond Anticipation Notes ("BANS") sold in the previous month by municipalities in the State. Borrowers are charged interest only on funds that have been drawn. This feature produces an advantage over the New Jersey public BANS market and highlights the cost efficiency of a Transportation Bank Short-Term Loan;

- Debt Service Cash Payments are Deferred During Construction – During Project construction, payment of principal, interest, and fees, including the Transportation Bank's 2% loan origination fee ("Loan Origination Fee", hereinafter defined), are generally deferred until construction completion. The accrued interest may be capitalized as part of the Long-Term Loan refinancing and restructuring;
- Interest Cost Savings During Long-Term Financing – Long-Term Loans will be issued in SFY2024, bearing an interest rate of up to 50% of the I-Bank's all-in market rate. They will be financed with funds appropriated to the Transportation Bank through the DOT from the Transportation Trust Fund ("State Funds") and may also be financed in part from the proceeds of the sale of I-Bank long-term bonds (defined hereinafter). This lower cost of funds is accomplished by either blending proceeds of the sale of I-Bank bonds with State Funds at zero percent interest or, for Direct Loans, setting the interest rate for State Funds at approximately half of the I-Bank market rate. In the current interest rate environment, this financing structure results in interest savings of approximately 31.2% of the total Long-Term Loan amount for a Project having a useful life of 30 years when compared to the cost of an average "A" rated Borrower financing their Project independent of the Transportation Bank. In the event interest rates continue to rise, interest savings would increase proportionately;
- Level Debt Service / No Front-Loading Requirement – When issuing their own general obligation debt, local government units are required to "front load" their debt service schedule. This results in debt service payments that are larger in the early years of the loan and decline over time. The Transportation Bank provides for level debt service throughout the life of the loan, normalizing annual payments for budgetary purposes and for taxpayers;
- Transportation Bank borrowers are not required to seek Local Finance Board approval of the waiver of the five percent (5%) down payment requirement provided the local bond ordinance exclusively funds a Transportation Bank Project thereby providing Borrowers with additional upfront cash flow benefits;
- Flexible Long-Term Loan Maturity – Shorter amortization schedules are available for Borrowers who wish to minimize the repayment period of their loan.



Essex County, Dougal Bridge Replacement

II. FINANCING PROGRAM

A. SOURCES / USES OF FUNDS – FUNDING ALLOCATIONS

Surface Transportation Projects – Funding Sources

Beginning in SFY2018, the State Legislature commenced annual appropriations of State Local Aid Infrastructure Funds (“LAIF”) to the I-Bank’s Transportation Infrastructure Bank Fund as a separate program to provide an avenue of financing to surface Transportation Projects. State LAIF appropriations from SFY2018 through SFY2023 total \$135.6 million, of which \$2.6 million was appropriated in each of the first three years and \$1.6 million in each of the last three years and made available to the I-Bank to cover Transportation Bank administration and operation expenses. Any funds not used for such expenses are returned to the Program and made available for lending purposes. In SFY2024, it is anticipated that an additional \$22.6 million appropriation of LAIF funds will be received, of which \$1.6 million is expected to be made available for Transportation Bank administration and operating expenses.

The Transportation Bank may opt to supplement short-term funds by utilizing private sources of funding including, but not limited to, the I-Bank’s \$150 million *Extendable Commercial Paper* (“ECP”), by which the I-Bank would access proceeds from the sale of notes and obligations of the Transportation Bank Program.

If additional funds are appropriated by the State Legislature to the I-Bank for specific types of Transportation Projects, such funds will be dedicated to those projects that meet the criteria set forth in the appropriation. These funds would be allocated to eligible projects and financed in accordance with the terms and conditions of the ranking methodology set forth in the DOT’s January Report as well as the Act.

In addition to utilizing State funds and private capital, the I-Bank has the ability to seek funding from certain federal financing programs under favorable terms to finance Transportation Projects through its designation by the Federal Highway Administration as a State Infrastructure Bank (“SIB”). The I-Bank is considering seeking federal funding pursuant to the Transportation Infrastructure Financing and Innovation Act (“TIFIA”) for Transportation Projects in rural communities that are financed through the I-Bank.

In SFY2024, Transportation Bank administration and operations will be funded first by interest earnings on undisbursed funds, administrative fees earned on closed loans, and then if needed, by the \$1.6 million in operating funds appropriated for administration and operations.

Appropriated funds available for SFY2024 may be allocated for loans at the beginning of each quarter (July, October, January, and April) based on the needs of prioritized Projects in the preceding quarter. Allocations are committed to the highest ranked Transportation Projects during each quarter as discussed in the “Application Process” section below. Any excess funds not utilized in a given quarter shall be allocated to Transportation Projects in the next following quarter to the point of available funds. Any additional funding received by the I-Bank for Transportation Project loans from either private or federal sources shall be applied over the remaining fiscal year quarters in SFY2024 unless otherwise required by law.

Marine and Aviation Projects – Funding Sources

In the event that funds are appropriated for Aviation or Marine Projects, such funds will be dedicated to those projects that meet the criteria as set forth in the appropriation. These funds would be allocated to eligible projects and financed in accordance with the terms and conditions of the Transportation Bank. Funds will be committed to the highest ranked Aviation and Marine Projects in accordance with the ranking criteria set forth in the SFY2024 January Report.

Post-Emergency Projects

The I-Bank is authorized to utilize federal emergency or relief funds subsequent to a federal or state declaration of emergency to make loans or grants to qualifying Transportation Projects as set forth in N.J.S.A.58:11B-19.1. Eligibility for these projects shall be determined in accordance with the terms of any such appropriation. Pursuant to this authorization, the I-Bank may make non-Project related loans and provide other assistance, including Customer Assistance Program (“CAP”) payments and other financial assistance, on behalf of, or as a conduit for local government units in accordance with the criteria determined by the appropriation.

B. APPLICATION PROCESS

Overview

Loan applications are accepted through the I-Bank’s online application and review portal (“***NJ-Moves***”) at any time throughout the year for all projects under the Transportation Bank. Funding is prioritized for Projects which are construction ready. Applications are not accepted after a Project Sponsor advertises for construction bids unless the advertisement is withdrawn, and the receipt of bids is cancelled. A separate application is required for each Project.

Loan applications will only be accepted from an individual specifically authorized by a Project Sponsor to submit the loan application on behalf of the Project Sponsor (the “Authorized Representative”). Applications shall conform with DOT regulations including, but not limited to, the Standards and Specifications set forth in N.J.A.C. 16:20B-5.1 and 5.2 and N.J.A.C. 16:20A-5.1 and 5.2.

The loan application process is as follows:

Project Information Submission (“PIS”)

The Authorized Representative initiates an application to apply for Transportation Bank financing by submitting (i) information identifying the Project Sponsor, (ii) general project information, (iii) project location map, (iv) initial estimated cost breakdown, and (v) anticipated project schedule.

Application Meetings / Conference Calls

Upon receipt of the PIS, an application meeting may be held (either in person or via conference call) with each applicant and its professional advisors, as necessary, to provide the applicant with an overview of the application and review process. Topics covered at the meeting may include guidance on submission requirements, costs, project scope, environmental compliance, project schedule, civil rights requirements, and application review process. Thereafter, the Project Sponsor must update or confirm the information

in their application quarterly until notified by the I-Bank that funds have been allocated for the Project. If the Project Sponsor fails to submit a quarterly update for three consecutive quarters, the project will be bypassed. If at any point in time up to loan closing, the Project Sponsor decides not to finance the Project through the Transportation Bank, the I-Bank must be notified in writing immediately, and the project will be bypassed, and removed from the PPL.

At the onset of each quarter, the Transportation Bank updates the PPL and allocates available funds to the highest ranked, construction-ready projects. The I-Bank formally notifies the Project Sponsors identified to receive a Transportation Bank allocation that: (i) project funding has been reserved in an amount up to the project's total estimated project cost (inclusive of 50% of the I-Bank's Loan Origination Fee); (ii) the allocation is contingent upon the Project Sponsor's receipt of Concurrence of Award from the Department by the date set forth in the allocation letter ("Scheduled Award Date"); and (iii) additional financial and project information submissions will be required. The Project Sponsor's failure, due to inaction by it or its agents, to receive Concurrence of Award from the Department on or before the Scheduled Award Date, will result in: (i) forfeiture of undisbursed project funds; (ii) de-obligation of long-term financing for project funds dispersed to date; and (iii) loss of five ranking points for the Project on future PPLs. For a full discussion of Concurrence of Award from the Department, see section II, C(b), "Contract Review/Construction Contract Submission/Construction Contract Award."



Centerton Road Bridge Demolition, Burlington County

Financial Information Submission ("Financial Addendum Form")

After the I-Bank has allocated funds to a Project, and once a Project Sponsor is ready to proceed with project financing, financial information must be submitted electronically through **NJ-Moves** at NJ-

Moves.com. This submission requires the Project Sponsor to provide the information necessary to demonstrate the Project Sponsor's ability to meet the I-Bank's creditworthiness requirements as described in the I-Bank's credit policy ("Credit Policy"). The Credit Policy and related guidelines are available for download from the Policies and Procedures section on the I-Bank website at:

<https://www.njib.gov/nj/Legal+Structure+Policies.44>.

While the specific requirements may vary by type of Project and applicant (i.e., municipal, county or authority), required financial information for each project shall include: (i) information pertaining to official action (declaration of intent to reimburse cost, ordinances, and resolutions) and the status thereof; (ii) Local Finance Board application authorization, typically handled by I-Bank staff when designated to do so by the Project Sponsor; and (iii) any other information needed by the Transportation Bank to evaluate the creditworthiness of the application.

C. CONTRACT REVIEW

All Projects must undergo a review of the applicable contracts to receive Concurrence of Award on their construction contract from the DOT, a prerequisite to qualifying for long-term financing from the Transportation Bank.

Engineering Information Submission

a. Engineering Design Contract:

For Project Sponsors that seek financing for engineering design costs, a copy of the executed engineering contract must be submitted for review and I-Bank certification ("Engineering Design Contract"). The Engineering Design Contract must include: (i) the scope of work; (ii) the total contract value; and (iii) the personnel identified as qualified to perform the tasks by title and projected rate of pay. The Project Sponsor shall also submit the resolution authorizing the Engineering Design Contract.

b. Construction Management Contract:

Project Sponsors who choose to finance their construction management and inspection costs through the Transportation Bank must submit the engineering services contract which will be utilized for project construction management ("Construction Management Contract") for Transportation Bank certification.

Construction Management Contracts must include (i) the scope of work, (ii) the total contract value, and (iii) the personnel identified as qualified to perform the tasks (by title and rate of pay) for services during bidding, construction, inspection, and project performance. The hours associated with the scope of work

**CERTIFICATION OF
THE DESIGN CONTRACT AGREEMENT AND
THE CONSTRUCTION MANAGEMENT CONTRACT
AGREEMENT
ARE BASED ON THE FOLLOWING CRITERIA:**

- 1) The scope of work aligns to the Project and is necessary for the successful completion of the Project being financed;
- 2) The proposed cost is appropriate for the scope of work and comparable to other similarly situated Transportation Projects; and
- 3) The Project Sponsor has a valid resolution in place authorizing the design and/or construction management work for the Project.

should match the values present in the final signed contract. Project Sponsors shall also submit a copy of the resolution authorizing the Construction Management Contract.

Construction Contract Submission

a. **Authorization to Advertise:**

Transportation Bank approval, in the form of an “Authorization to Advertise,” is required prior to a Project Sponsor’s advertisement for construction bid. The Project Sponsor provides the relevant information to secure an Authorization to Advertise by submitting the following documents: (i) Construction plans; (ii) contract specifications; (iii) Engineer’s Design Certification; and (iv) Right of Way Certification (if applicable).

Requirements:

1. **Transportation Bank Contract Documents (Plans & Specifications)**

Borrowers are required to comply with the current DOT standard specifications. Project Sponsors are required to submit plans and specifications produced by a licensed Professional Engineer containing but not limited to the following:

- A set of detailed plan drawings including site plan/section/elevation views,
- Current NJ prevailing wage rates,
- Certification that the applicant has not and shall not enter into any contract with any person debarred/suspended from government contracting,
- Certification that the applicant and its contractors shall comply with discrimination and affirmative action provisions of N.J.S.A. 10:2-1 through 10:2-4,
- Bonding (performance, payment, maintenance as applicable),
- Buy American provisions (N.J.S.A. 40A:11-18),
- Statement regarding need for uniformed traffic control and bid allowance, if applicable (N.J.S.A. 40A:11-23.1),
- Asphalt Price Adjustment Procedure, if applicable (N.J.S.A. 40A:11-13),
- Fuel Price Adjustment Procedure, if applicable (N.J.S.A. 40A:11-13),
- Brand name or equal, unless otherwise justified (N.J.S.A. 40A:11-13),
- Equal Employment Opportunity certification form,
- Division of Civil Rights form(s), as applicable,
- Affidavit of Non-collusion form,
- Certification of Non-Segregated Facilities form, and
- Disclosure of Investment Activities in Iran form.

The Transportation Bank retains the right to elicit additional information from the Project Sponsor in conducting its review of either a Project's potential environmental impacts or engineering compliance with governing regulations. Project Sponsors are advised of the requirement in the Funding Allocation Notice and provided with a link to contract specifications.

2. Environmental Compliance

Transportation Bank funding recipients must meet the Transportation Bank's environmental compliance requirements. Transportation Bank Projects are required to comply with State environmental regulations detailed in Executive Order 215 ("EO 215") and in the provisions of the New Jersey Register of Historic Places Act. The DOT annually determines the applicability of EO 215 to candidate projects in its Capital Transportation Programs by assessing whether EO 215 exempts such projects from environmental review ("Exemption"). It is anticipated that the DOT will continue to provide environmental reviews for I-Bank applicants in SFY2024 and approve Exemptions as applicable, unless modified in a Memorandum of Understanding between the DOT and the I-Bank. Application Meetings provide a forum to discuss a Project's EO 215 determination. In the event an EO 215 Exemption is not applicable, an applicant will be notified by DOT of the need to submit documentation demonstrating compliance with EO 215 requirements. Borrowers are also required to satisfy applicable federal, or State, and local review processes and obtain all required environmental permits and approvals.

In the event that federal funds become available in the Transportation Bank, Projects funded with federal funds will be required to meet federal compliance requirements including but not limited to the Disadvantaged Business Enterprise Program (DBE), the National Environmental Policy Act (NEPA), Davis-Bacon Act, and American Iron and Steel Act as conditions of funding.

3. Division of Civil Rights Compliance

Transportation Bank loan recipients must comply with the DOT's Division of Civil Rights requirements. After the Transportation Bank receives the engineer's estimate, the Project Sponsor is provided with the set aside goal (which shall be incorporated by the Project Sponsor in the contract specifications).

4. Prevailing Wage

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.). Applicants are furnished with relevant provisions to be inserted in contract specifications during the application process.

Upon the Transportation Bank's completion of review of the contract submissions, environmental compliance, approval of the Division of Civil Rights, and prevailing wage, comments are submitted to the Project Sponsor requiring subsequent comment resolution followed by the Authorization to Advertise for construction. Project Sponsors are required to comply with applicable laws in their solicitation and their award of construction contract(s).

b. Construction Contract Award:

Upon bid opening and approval of the governing body, the Project Sponsor shall submit the following to the Transportation Bank related to the construction contract:

- One copy of the summary of construction bids showing all bid quantities, unit prices and extensions;
- A fully executed and sealed resolution awarding the contract to the lowest responsible bidder, subject to the approval of the Transportation Bank;
- The final sealed plans and specifications;
- Division of Civil Rights requirements: (i.e., form CR-266 and applicable CR-272, CR-273 and CR-274 forms), copy of the signed goal memorandum specifying percentage, copy of the page from the specifications showing the SBE goals, copies of advertisements for bids through public bidding)
- A certification by a licensed engineer that the final sealed plans and specifications comport with that submitted to the Transportation Bank and incorporate the technical comments received from the Transportation Bank;
- A certification from the appropriate local official that all right-of-way is available for the project, if such certification was not already provided prior to advertisement; and
- Other related documents as may be required by the Transportation Bank.

Upon the review and approval of such submissions by Transportation Bank staff, the Department will issue a concurrence of construction contract award. Once concurrence of award has been issued, Project Sponsors must submit the executed contract being utilized for project construction ("Construction Contract") to the I-Bank for certification.

CERTIFICATION OF THE CONSTRUCTION CONTRACT IS BASED UPON:

- 1) Concurrence of Award of the Department; and
- 2) The authorizing resolution of the Project Sponsor to enter into the contract.

Post Concurrence of Award:

After the Concurrence of Award is received from the Department and certification by the I-Bank, the Borrower shall arrange a Pre-Construction meeting. This meeting should be attended by representatives of the engineer's office, the contractor, police, utility companies (when applicable), and others involved in the project, and may involve I-Bank personnel. Regardless of Transportation Bank staff participation, minutes of the meeting must be kept and sent to the Transportation Bank. Topics of discussion should include:

- Construction Schedule
- Construction Methods
- Utility Relocation and Maintenance

- Traffic Protection
- Construction Items
- Material Questionnaire (Form SA-11)
- Material Sampling Requirements
- Change Orders

D. SHORT-TERM CONSTRUCTION FINANCING PROGRAM; LOAN CLOSING

INTRODUCTION

Funding Commitment

Each Project financed through the Transportation Bank will first receive a Short-Term Loan to finance the Project through construction, and then a Long-Term Loan to convert and refinance the Short-Term Loan. A commitment from the I-Bank of funds for the total estimated Project cost occurs upon Short-Term Loan closing. Short-Term Loan closing occurs after (i) the Transportation Bank's Allocation of Funds; (ii) the Transportation Bank's certification of one or more contracts (i.e. the Engineering Design Contract, Construction Management Contract or Construction Contract); (iii) approval for financing from the Director of the Division of Local Government Services; and (iv) the Project Sponsor's satisfaction of all other conditions precedent to loan closing including satisfaction of the I-Bank's creditworthiness standards as set forth in the Credit Policy.

Pursuant to the Act, each Transportation Bank applicant is required to issue a note (with respect to the Short-Term Loan) or a bond (with respect to the Long-Term Loan) to the I-Bank in order to evidence and secure its repayment obligation. Pursuant to the I-Bank's Credit Policy, each Transportation Bank applicant is required to secure its note or bond with a general obligation tax pledge ("G.O. Pledge"). In addition, each applicant must be able to satisfy its repayment obligations and provide assurances of repayment of existing Transportation Bank obligations in the event of loan default. Such conditions are central to the Transportation Bank's ability to meet its fiduciary obligations in the management of public funds as well as to ensure loan repayments are available for future Transportation Projects.

If the Transportation Bank has a critical mass of Borrowers with projects at or near construction completion and sufficient for a long-term public bond offering ("Long-Term Bonds"), it will issue Long-Term Bonds in SFY2024 to partially fund existing and potential Long-Term Loans. To the extent that any existing or future Short-Term Loans mature prior to the date upon which the I-Bank will issue long-term public debt, such Short-Term Loans may be rolled over, extended, or converted to a Direct Loan at the discretion of the I-Bank.

SHORT-TERM LOANS

Short-Term Loans may close as early as the Project design phase. These loans serve to finance eligible costs associated with engineering design, construction management, and construction. The maturity of a Short-Term Loan is limited to the periods set forth in N.J.S.A. 58:11B-9(g) (i.e., the sooner of the last day

of the fifth succeeding fiscal year following the closing date of the Short-Term Loan or the last day of the third succeeding fiscal year following the date of construction certification following the closing date of the Short-Term Loan). Any Short-Term Loan made by the I-Bank may mature in a shorter period of time as necessary to align with construction completion or to address the funding needs of the Transportation Bank.

One supplemental Short-Term Loan is available to Projects which have been certified by DOT as requiring additional construction time beyond the Short-Term Loan maturity date (a “Residual Loan”). In these cases, the initial Short-Term Loan is converted to a Long-Term Loan and a Residual Loan to finance the remaining Project amount is available for the lesser of three additional fiscal years, or construction completion. The interest rate of the Residual Short-Term Loan will be set in accordance with the terms of the then applicable Financial Plan in the SFY in which the new loan closes. Upon conversion to a Long-Term Loan, the Residual Loan will have a maturity term equal to the Project’s original Long-Term Loan and a financing package that mirrors the terms of the of the original Long-Term Loan, consistent with the loan terms associated with each certified construction contract.

Construction draws for Project expenses will be made pursuant to requisitions submitted by Borrowers on certified contracts. All interest charges relating to a Short-Term Loan will be assessed on outstanding requisitioned amounts for the time period such amounts are outstanding, at a blended rate, which methodology will be established by the I-Bank Board, set monthly and posted on the I-Bank website. The basis for the methodology will consider the I-Bank’s cost of funds as well as the current market rate on New Jersey BANS.

The Borrower is generally not obligated to repay principal or interest during the term of the Short-Term Loan. Interest charges are accrued and may be capitalized for the term of the loan for up to six months after construction completion. Short-Term Loans are generally termed out at the earlier of construction completion or maturity of the loan. Payments of principal, interest, and fees commence after Long-Term Loan closing or Short-Term Loan payoff.

Assuming the Project Sponsor has the requisite approvals in place, Short-Term Loans are available within as little as three (3) weeks of receiving (i) I-Bank contract certification, (ii) approval by the Director of Local Government Services, and (iii) satisfaction of the Transportation Bank’s creditworthiness standards defined in the Credit Policy.

i. **I-Bank Contract Certification**

For a project to receive Transportation Bank financing, the I-Bank must certify that each of a project's component contracts satisfy Transportation Bank eligibility requirements.

ii. **Approval by the Director of Division of Local Government Services**

Transportation Bank loan applicants are not required to directly secure Local Finance Board approval of the applicants’ short-term debt instruments sold to the I-Bank to secure the applicant’s pledge of the repayment obligation pursuant to the Act (N.J.S.A. 58:11B-7). Instead, the Project Sponsor may authorize the I-Bank to secure such approval upon the applicant’s authorization set forth in the Financial Information Submission. The I-Bank will request such approval from the

Director of the Division of Local Government Services on behalf of the Project Sponsor. The five percent (5%) down payment mandated by the State's Local Bond Law is not required of I-Bank loan applicants provided the local bond ordinance exclusively funds a Transportation Bank Project. In addition, projects financed through the Transportation Bank do not need approval from the Local Finance Board to deviate from the established principal payment requirements as set forth in the Local Bond Law.

iii. **Creditworthiness Standards**

All Borrowers are required to satisfy the I-Bank's Credit Policy by demonstrating an ability to satisfy both the loan repayment obligations and the Transportation Bank's credit worthiness standards as set forth in the I-Bank's Credit Policy. Generally, all applicants are required to have no less than one investment grade rating from Fitch Ratings, Moody's Investors Service or Standard & Poor's Global Ratings as set forth in the I-Bank Credit Policy and no non-investment grade ratings. Applicants with a credit rating of less than Baa1 or BBB+ are required to procure an additional investment grade rating. The Credit Policy allows for limited exceptions to this requirement (e.g. the ability of a borrower to supply the I-Bank with a State Municipal Qualified Bond Act bond). In addition, each applicant is required to secure its note or bond to the benefit of the Transportation Bank with a G.O. Pledge which must be investment grade rated to secure its repayment obligations. The updated Credit Policy may be obtained on the I-Bank's website at:

https://cdn.njib.gov/njib/policies/Amended_and_Restated_Credit_Policy-202010.pdf.

Upon satisfaction of (i)-(iii) above, the I-Bank will contact the applicant to schedule the Short-Term Loan closing. In connection with Short-Term Loan closing, the I-Bank will circulate each of the following documents: (i) the form of Note to be issued by the Borrower to the I-Bank, including a series of Exhibits for inclusion thereto that shall 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 amounts available for draw; (d) the Project application schedule; (e) the general administrative requirements; (f) a form of certification regarding lobbying; and (g) a disclosure of lobbying activities form; and (ii) the form of opinion to be rendered by bond counsel and general counsel to the Borrower, including, without limitation, the enforceability of the Note being issued to the I-Bank. In addition to such forms to be completed and submitted by the Borrower at closing in the form required by the Transportation Bank, the Borrower must provide a certified copy of its official action relating to the authorization of its project and the issuance of the Note. The nature of the Short-Term Loan and its structure as a note purchase program results in an efficient economy of closing documents.

Upon Short-Term Loan closing, funds are committed for the entire estimated project cost but are only available for draw upon each specific contract certification. For Short-Term Loans issued upon the certification of engineering contracts, long-term financing terms are established based upon the terms available in the state fiscal year of certification of each individual construction contract. If a project has multiple construction contracts, various financing year terms may apply to a single project loan, terms which are set for the costs of each construction component at the time of each contract certification. Funds for construction are made available at the time of Concurrence of Award by the DOT and

certification by the I-Bank. For Short-Term Loans issued after construction contract certification, long-term financing terms are established based on the terms available in the year that the Short-Term Loan is closed. For applicants that choose to finance engineering and construction costs on their own prior to long-term financing from the Transportation Bank (i.e. self-funders), long-term financing terms are set at the time of Long-Term Loan closing based on the terms available in that state fiscal year.

Compliance with Application Schedule

Each Borrower is required to comply with its agreed upon Scheduled Award Date as set forth in the Funding Allocation Notice and, for Short-Term Loans closed based solely on an engineering contract, also in the Note (see “Application Process” above). A Borrower’s failure to receive Concurrence of Award on or before the Scheduled Award Date due to the inaction by it or its agents shall result in the de-obligation of funding for the Project. Moreover, no Short-Term Loan funds will be disbursed for non-certified contracts. Any previously disbursed funds related to the de-obligated Project must be immediately paid back to the I-Bank. Any non-disbursed funds for certified contracts will be unallocated and returned to the Transportation Bank’s general loan fund, and the Project’s readiness ranking will be reduced by 5 ranking points in future funding rounds.

ADDITIONAL SHORT-TERM FUNDING

Projects for which the Short-Term Loan amount is insufficient to complete construction may request additional loan amounts for eligible project costs. Project Sponsors shall submit the request for additional funds and supporting documentation through [NJ-Moves.com](https://www.nj-moves.com). Up to 50% of the funds available at the next quarterly allocation, at the discretion of the Executive Director, may be prioritized to fund eligible cost increases to Projects for which funds have already been allocated. Such additional funding is available to Projects up to 20% of total Project cost. Cost increases in excess of this threshold amount require DOT and I-Bank approval.

DISBURSEMENT OF FUNDS

Upon Short-Term Loan closing, Transportation Bank funds for eligible costs are disbursed by the I-Bank for a certified contract upon the review and approval of contractor invoices and requisitions. Funds are disbursed to Borrowers upon the Borrowers’ demonstration that project costs have been incurred. Borrowers are not required to either pay or demonstrate that they have paid such costs.

BIL MATCH PROGRAM

On November 15, 2021, President Joe Biden signed the BIL, which offers competitive funding opportunities to municipalities to receive grant money for local transportation projects. This federal program is structured to provide up to 80% of the funding for these projects, while the local government covers the residual project costs as a match. To help disadvantaged communities meet the match requirement, the Transportation Bank has set aside \$10 million for these communities who are receiving a federal BIL grant. In FY2024, the Transportation Bank will finance 100% of the match needed for disadvantaged communities to receive these competitive grants at zero percent interest. Funds are allocated to eligible BIL Match projects upon placement on the PPL. Due to the nature of the source of

funding for these projects, a Scheduled Award Date is not applied. Fees will be charged only on the amount lent by the Transportation Bank.

E. SFY2024 EMERGENCY AND RESILIENCY FINANCING PROGRAMS

DISASTER RELIEF (SAIL) PROGRAM OVERVIEW

The Disaster Relief Emergency Loan Financing Program, also known as the Statewide Assistance Infrastructure Loan Program (“SAIL Program”), was enacted in August 2013, in recognition of the challenges that local governments faced in securing funding for Sandy recovery projects from multiple federal and State sources. While initially established to fund and finance environmental infrastructure projects, recent legislation, P.L.2021, c.74, expands the purview of the SAIL Program to include the funding and financing of surface transportation Projects, aviation Projects, and marine Projects.

The SAIL Program works in coordination with the existing Federal Highway Emergency Relief Program administered by the DOT Local Aid Program to provide local government units quick access to temporary, low-cost, short-term bridge loans in the aftermath of a declared disaster to repair damages incurred during the disaster and to improve transportation infrastructure. Projects funded through the SAIL Program must be identified on a project priority list which can be submitted to the legislature any time during the year prior to receipt of SAIL Program financing pursuant to N.J.S.A. 58:11B-9.5(c). SAIL Program loans are available to local government units seeking short-term financing assistance to address

SAIL PROGRAM PROJECT FUNDING IS AVAILABLE* TO LOCAL GOVERNMENT UNITS UPON THE DETERMINATION AND CERTIFICATION IN WRITING BY THE DOT COMMISSIONER THAT EACH PROJECT:

1. Is necessary and appropriate to repair damages to a transportation, marine or aviation facility directly arising from an act of terrorism, seismic activity, weather conditions or other emergency event which occurred within the three fiscal years that gave rise to a declaration by the Governor of a state of emergency; or
2. Is necessary and appropriate to mitigate the risk of future damage to a transportation, marine or aviation facility from an act of terrorism, seismic activity, weather conditions or other emergency event comparable in scope and severity to the act of terrorism, seismic activity, weather conditions or other emergency event that gave rise to a declaration by the Governor of a state of emergency which occurred within three fiscal years of the project being identified on the Project Priority List;
3. Is related to a transportation, marine or aviation facility located in a County included in the Governor’s state of emergency declaration;
4. Has an applicant that has satisfied the Transportation Bank’s eligibility requirements of the funding sources for which reimbursements are sought (e.g., FHWA ER, FEMA, and/or USDOT); and
5. Has an applicant that has secured all SAIL Program application and financial approvals*.

** Funds are not yet appropriated for Aviation or Marine Projects.*

immediate cash flow needs for their disaster-related transportation infrastructure projects where the funds are to be used for local match requirement and/or anticipation of reimbursement through federal grant programs such as those provided by the Federal Highway Administration (“FHWA”) Emergency Relief (“ER”) Program administered through the DOT, the Federal Emergency Management Act (“FEMA”) or other United States Department of Transportation programs. For Local Government Units seeking to rebuild their transportation infrastructure after disasters, New Jersey’s SAIL Program is designed to provide ready cash to alleviate the financial stress that may result from delays in the receipt of federal reimbursement and to finance those aspects of a project that may not be eligible for funding through federal grant programs, such as certain betterments. Importantly, SAIL Program participants also receive assistance with compliance oversight as many local communities are neither equipped nor experienced in dealing with federal FEMA or FHWA requirements. The I-Bank requires that any funds disbursed as part of the SAIL Program, which are reimbursed by a federal program, be immediately paid back by the recipient to the Transportation Bank. These funds are not long-term financed.

Partnership with NJOEM and FEMA

The I-Bank works closely with the NJ Office of Emergency Management (“NJOEM”), FEMA, FHWA and the DOT Local Aid Office on behalf of Borrowers: to (i) help obtain reimbursement of eligible costs as quickly as possible while optimizing the amount recovered; and (ii) provide compliance oversight to mitigate the potential of funding rejection or future de-obligation of funds. Given the necessity that project expenses meet federal requirements as a condition of reimbursement, and the need to have such applications approved expeditiously, the I-Bank, on behalf of the Transportation Bank, may retain an outside engineering consulting firm to assist in the review of construction design and eligible costs, conduct site visits and review disbursement requests. SAIL Program Borrowers are responsible for payment of the review costs of the consulting engineer, incurred on a borrower’s behalf, the terms of which are set by the Board in a future SAIL Program Authorization Resolution. Depending on the size of the project, engineering review costs for emergency projects would be generally equivalent to the Transportation Bank’s 2% Loan Origination Fee and incorporated into the Borrower’s long-term financing package.

SAIL Program financing will be available in SFY2024 for short-term financing for projects to repair or improve the resiliency of transportation infrastructure systems adversely impacted by any newly declared disaster pursuant to terms set forth in the Act. SAIL Program Short-Term Loans may be issued for the same maturity terms as are available to Transportation Bank Short-Term Loans. SFY2024 SAIL Program loan interest rates are structured identically to that of Short-Term Loans as discussed above.

LOAN FUNDING SOURCES

The sources of funding for the SAIL Program are the same as those available under the Short-Term Loan program. For both the Short-Term Loan Program and SAIL Program, the I-Bank may procure private capital or utilize the I-Bank’s transportation operating revenues to secure additional funds, as necessary.

F. COLLATERALIZED UNDERWRITING AND REDEVELOPMENT ENHANCEMENT (“CURE”) PROGRAM (CONDUIT LOANS)

Redevelopment/Conduit Loans:

A Local Government Unit may serve as the applicant on behalf of, or in conjunction with (a “Conduit Borrower”), a private entity for eligible transportation component costs of a redevelopment project (a “Conduit Redevelopment Loan”). For Conduit Redevelopment Loans, such government unit must secure its repayment obligations pursuant to the provisions of the Redevelopment Area Bond Financing Law, and/or the borrowed funds must be provided by the Conduit Borrower to a redeveloper or its agent to fund all or a portion of the project’s expenses. The loans to the Conduit Borrower will be structured at a Blended Interest Rate of 50% of the I-Bank all-in Market Rate regardless of the maturity of the loan.

Funds made available by the State for economic redevelopment will be used by the I-Bank to provide assistance/funds as a reserve or guarantee as collateral to provide enhanced borrowing rates for Conduit Redevelopment Loans. \$6 million dollars has been appropriated to the I-Bank for economic development. The I-Bank will use these funds to support infrastructure components of redevelopment projects in disadvantaged and overburdened communities that would otherwise not qualify for Conduit Redevelopment Loans on their own credit. These funds, and any additional funds that may become available for such purpose, will be used as a debt reserve or guarantee to support Transportation Bank financing of Transportation components of redevelopment projects in communities meeting the Program’s Affordability Criteria. Such loans shall be structured as Conduit Redevelopment Loans as described above.

Projects shall be prioritized by the DOT in accordance with the ranking methodology. Funds will be disbursed on a readiness basis to the extent funds are available and a project satisfies the Program’s creditworthiness standards pursuant to the I-Bank Credit Policy and meets all other Transportation Bank Program requirements.

G. FEDERAL GRANT RESILIENCE PROGRAMS (BRIC AND STORM)

Based on the success of the SAIL Program under the Water Bank, the I-Bank is taking steps to enhance its ability to serve the disaster needs of the State by further leveraging federal emergency funding. For example, in coordination with NJOEM, the I-Bank has received a grant through FEMA’s Building Resilient Infrastructure and Communities (BRIC) Program, a federal competitive grant program designed to support states and local communities that undertake hazard mitigation projects. BRIC is a relatively new FEMA pre-disaster hazard mitigation program that shifts the focus from financing post-disaster clean up and rebuild to investing in infrastructure to mitigate the damage that could result from a disaster.

In partnership with the NJOEM-Recovery Bureau, the I-Bank is creating an application process that compiles applicant and project data for prioritizing, selecting, and developing complete BRIC applications. The expected result would be an improvement in the state’s capability to identify suitable mitigation projects and increase the State’s capacity by developing a steady queue of application-ready mitigation projects for submission of BRIC grants.

The I-Bank will also provide construction financing for grant recipients by reimbursing for construction expenses in advance of the receipt of approved BRIC funds. As with the I-Bank’s successful SAIL Program, the I-Bank will act as the construction progress monitor, ensuring the completion of projects in a timely

manner and in accordance with all applicable rules and regulations. Any qualified amounts not reimbursed by the federal grant program (local non-federal cost share responsibility and amounts not reimbursable by BRIC) will be long-term financed by the I-Bank through its respective Water Bank or Transportation Bank, thus satisfying the non-federal cost share requirements of the BRIC program, typically up to 25% of eligible Project costs.

Similarly, the I-Bank is working with NJOEM to provide financing services pursuant to the federal STORM Act funds. The Safeguarding Tomorrow through Ongoing Mitigation (STORM) Act authorizes the Federal Emergency Management Agency (FEMA) to enter into agreements with states or Native American tribal governments to make capitalization grants available for the establishment of hazard mitigation revolving loan funds to reduce risks from disasters and natural hazards. The I-Bank anticipates working with NJOEM to develop a revolving hazard mitigation infrastructure fund similar to the current revolving Water Bank and Transportation Bank that would supplement resilience Projects in the Water Bank and Transportation Bank.

H. OTHER EMERGENCY APPROPRIATIONS

The I-Bank may access federal emergency or relief funds that are appropriated to the State subsequent to a federal or State declaration of emergency. These funds may be used to make loans or grants in the implementation of the Transportation Bank to local government units included on the PPL.

I. LONG-TERM FINANCING

In anticipation of construction completion, a Project listed on the PPL will be designated eligible for long-term financing and placed on the Project Eligibility List (“PEL”) (set forth in Appendix A). To be eligible for Long-Term Loan closing, Projects must be identified in an appropriations law passed by the Legislature and signed by the Governor, and receive certification from the State Treasurer and the I-Bank Board for long-term financing.

THE I-BANK LONG-TERM BONDS

Upon completion of construction, or such earlier time as determined by the I-Bank, a Long-Term Loan will be closed to refinance a Project’s Short-Term Loan. In some instances, the I-Bank may directly finance a project with a Long-Term Loan and in other instances Long-Term Loans may be issued in conjunction with the issuance of bonds. Long-Term Loans have a maximum term equal to the lesser of the Project’s certified useful life (based on a certification provided to the Transportation Bank by the Borrower’s consulting engineer) or the period set forth in N.J.S.A. 58:11B-6(d) (currently 31 years). The Transportation Bank 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.

For large Project loans, long-term financing for the first \$100 million of project costs is offered at a blended interest rate of approximately 50 percent of the I-Bank’s all-in market rate for Projects with maturities of greater than 10 years up to 31 years and 25 percent of the I-Bank’s all-in market rate for Projects with maturities of 10-years or less as capacity allows. Project costs over \$100 million will be 100% financed at the I-Bank’s all-in market rate, as capacity allows.

Projects may receive a Long-Term Loan financed 100% with I-Bank cash on hand (“Direct Loans”) or I-Bank bonds may be used for a portion of the funding. The I-Bank has adopted a Master Transportation Bank Indenture pursuant to which supplemental indentures may be authorized to issue Long-Term Bonds. Direct Loans will be included in the Master Transportation Bank Indenture in advance of a bond issuance. The I-Bank is considering issuing Long-Term Bonds in SFY2024.

The following are the currently anticipated general parameters of the I-Bank’s Long-Term Bonds with the purpose to refinance multiple Short-Term Loans.

- Each series of Long-Term Bonds will fund a pool of Long-Term Loans. Bond proceeds will refinance the Short-Term Loans of pool participants or in some cases directly finance a project. Each participant will be assigned to a loan pool by the I-Bank based on factors such as the Project’s status of construction completion, the Borrower’s individual credit characteristics, the Borrower’s effect on the pool’s coverage, and the terms and conditions of each Borrower’s own outstanding bond documents.
- Each series of Long-Term Bonds will be special obligations of the I-Bank, secured primarily by the repayment by each pool participant of its Long-Term Loan pursuant to the terms of a Long-Term Loan agreement by and between the I-Bank and each such participant. Each such Borrower’s loan repayments will be collateralized by a guarantee sold to the I-Bank in the form of a bond to secure such Borrower’s obligation to make loan repayments on time and in full. All Borrowers are required to issue bonds to the I-Bank, backed by the Borrowers’ General Obligation pledge.
- Pursuant to the Credit Policy, for Borrowers with lower credit ratings, additional security for the Long-Term Bonds may be provided through the Municipal Qualified Bond Act or through a debt service reserve fund.
- The Long-Term Loan agreement and the local unit bond or other approved collateral of the Borrower are, except for certain reserved rights, assigned by the I-Bank to the Trustee for the Long-Term Bonds as security for the Long-Term Bonds.
- Neither the State nor any political subdivision thereof (other than the I-Bank, but solely to the extent of the applicable I-Bank transportation trust estate) is obligated to pay the principal of or interest on the Long-Term Bonds, and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Long-Term Bonds. The I-Bank has no taxing power.
- The I-Bank will structure its Long-Term Bond financings to optimize the cost of financing for Transportation Bank Borrowers relative to the amount of funds the Transportation Bank makes available for loans.
- The I-Bank will consider various alternative and/or additional structural features and sources of funds with respect to its Long-Term Bonds to be issued in SFY2024 and thereafter, to the extent

such structural features and sources of funds will serve the best interests of the Transportation Bank, optimize funds for the Program, and/or will provide additional savings for the Borrowers.

FEDERAL FUNDING

The Transportation Bank is assessing the viability of utilizing federal TIFIA loan funds as an additional source of funds for project financing. The final maturity date of a loan financed in part with TIFIA funds shall not exceed the maximum time allowed under the TIFIA program, currently 35 years, from the date the TIFIA loan is obligated. The I-Bank anticipates utilizing a portion of its available appropriated TTF funds as the match requirement for a TIFIA loan which, depending on the Borrowers in the pool, ranges between 20% to 51% of the total project costs. The Department shall have no obligation to provide additional funds and TIFIA borrowing by the I-Bank will not impact DOT's annual federal funding allocations.

For Transportation Projects which receive financing from the I-Bank sourced in part from TIFIA funds, financing shall be provided with a combination of up to 80% financing from TIFIA at the TIFIA cost of funds (generally, 50% of the U.S. Treasury interest rate for rural projects as defined by FHWA) and the balance provided by the I-Bank at approximately 50% of the I-Bank's all-in market rate.

CLOSING

Loans will be closed for each Borrower provided such Borrower has adopted all necessary ordinances and resolutions and procured all required authorizations relating to its participation. Depending upon the timing of the issuance of Long-Term Bonds, loan agreements may be closed in escrow and held along with the Borrower bonds and related certifications until after bond sale and until all conditions precedent to final closing have been met. At that time, the documents are released from escrow concurrently with closing. This process ensures, to the greatest extent possible, that all Borrower conditions precedent to closing are satisfied prior to a bond sale and that closing proceeds without incident. Escrow is estimated to commence four to eight weeks prior to each bond sale closing, thereby minimizing any potential disruption at the time of bond closing.

SALE OF LONG-TERM BONDS

The Act allows the I-Bank's Long-Term Bonds to be sold via a competitive or negotiated sale. If the Long-Term Bonds are competitively sold, the I-Bank must publish a summary of the "Notice of Sale" in at least three New Jersey newspapers and in a recognized bond publication. If sold competitively, the Long-Term Bonds will be awarded on the basis of the lowest true interest cost bid. If bonds are sold on a negotiated basis, an underwriter will be selected pursuant to a competitive bid process in accordance with Executive Order No. 26, I-Bank Policy and Procedures for the Selection and Appointment of Managers and Co-Managers in Connection with Negotiated Sale and I-Bank Procurement Policy.

BORROWER DISCLOSURE IN CONNECTION WITH THE MARKETING AND SALE OF I-BANK BONDS

Borrowers' closing Long-Term Loans (regardless of funding sources) are required to provide, through completion of a Long-Term Financial Addendum Form and certification of the accuracy of the data therein, information necessary for disclosure in the I-Bank's Official Statement to be disseminated in connection

with the sale and issuance of its Long-Term Bonds. Full disclosure is required for all participants determined by the I-Bank to be “material obligated persons” (defined as any Borrower whose debt service repayments exceed 10% of the aggregate debt service repayments for publicly issued bonds relative to the aggregate debt service from all Borrowers included in this Transportation Bank Indenture). A reduced disclosure is required by the I-Bank from those Borrowers that do not meet the standard for “material obligated persons.”

SECONDARY MARKET DISCLOSURE

Securities and Exchange Commission (“SEC”) Rule 15c2-12 requires that certain information be provided on an annual basis, following the issuance of bonds, for use in the secondary market. The I-Bank has developed a policy, in satisfaction of the requirements of SEC Rule 15c2-12, to: (i) provide ongoing secondary market disclosure with respect to each series of bonds issued by the Transportation Bank ; (ii) ensure the provision of ongoing secondary market disclosure by certain Borrowers (i.e., those Borrowers that are determined by the I-Bank to be “material obligated persons” with respect to all outstanding series of I-Bank issued Long-Term Bonds; and (iii) ensure the disclosure of certain “Listed Events” in a timely fashion not in excess of ten business days from the occurrence thereof.

STATE-AID INTERCEPT

The Act authorizes the State Treasurer to intercept State aid to eligible local government units that fail to meet their debt obligations to the I-Bank and to utilize those State aid funds to satisfy the local government unit’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 local government unit to repay in a timely manner any sums in default pursuant to the terms of the local government unit’s loan agreement.

COVENANTS AFFECTING THE LOCAL UNIT

The Transportation Bank Long-Term Loan agreements and the Long-Term Bonds and other collateral securing such loan agreements must be legally valid and binding obligations of the Borrower or Local Government Unit. Borrower bond counsel is required to provide the I-Bank with opinions verifying such obligations are legally binding and valid.

Consequently, each Borrower must be able to make unequivocal representations concerning its status. Ordinances and resolutions of the governing body must be in place to establish that the Borrower has either the legal right and authority to undertake the Project, and own, operate and appropriately maintain the Project, or the legal right and authority to borrow funds on behalf of a duly-constituted regional transportation authority, commission, or similar organization (a “Transportation Authority”), for a Project that will be owned, operated, and/or maintained by such Transportation Authority. 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. In the case of a Borrower

borrowing Transportation Bank funds on behalf of a Transportation Authority, the I-Bank may require that the Transportation Authority provide certain certifications as well.

Other covenants include:

- A pledge of borrower's full faith and credit to exercise the unlimited *ad valorem* taxing power of the local government unit to insure the timely payment of principal, interest, and fees;
- The intercept of State aid payable to a G.O. 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 only finance allowable costs of the project funded by the Long-Term Loan;
- A limitation on the Borrower's right to sell, lease, abandon or otherwise dispose of the infrastructure 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 actions that may jeopardize the tax status of the bonds issued by the I-Bank (if applicable); and
- A provision to provide secondary market disclosure information in accordance with the provisions of SEC Rule 15c2-12 and the policy established by the I-Bank, if required under the Rule.

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 Long-Term Loan at the time of loan closing.

Other repayment terms include:

- A level annual repayment schedule for the Long-Term Loan, with interest and principal payable in semi-annual installments;
- The remaining balance of the 2% project loan origination fee (1%) shall be paid at the time of the first Long-Term Loan repayment or at the time of Short-Term Loan payoff for those projects who do not proceed to long-term conversion;
- The I-Bank's annual administrative fee at the rate of 0.17% of the original principal amount of the Long-Term Loan shall be paid semiannually for the term of the loan commencing with the

first Long-Term Loan repayment. Administrative fee revenue up to 0.02% will be reserved to assist disadvantaged communities with Technical Assistance in preparing and implementing plans for capital projects financed through the Transportation Bank;

- A late charge of 12% per annum, or 0.50% above the prime rate, whichever is greater, of the outstanding loan balance calculated from the due date; and
- The application of each I-Bank loan repayment pursuant to the terms set forth in the Transportation Bank Master Indenture of Trust.

The loan agreements may also provide Borrowers with an option to prepay loan obligations without penalty. Prepayment of the I-Bank Loan requires a 90-day written notice to the I-Bank and a written response from the I-Bank for approval thereof. I-Bank Loan prepayments, at a minimum, must satisfy the payment in full of accrued interest (if applicable), any premium, and principal through the prospective payment date for which the prepayment is to be credited and any fees incurred by the Transportation Bank to execute such prepayment, including charges to prepay or defease Long-Term Bonds associated with the Borrower's repayment. Since the loans may combine funds raised from Long-Term Bond proceeds with I-Bank appropriated funds for the financing of a project's eligible costs, the prepayment of any I-Bank Loan will be applied pro-rata to each corresponding portion of the loan. In addition, whether or not prepayment is involved, any modification of the local government bonds securing the I-Bank Loan will require prior, written approval of the I-Bank.

DEFAULT

The Long-Term Loan agreements will define an Event of Default as any one of the following:

1. the failure by the Borrower to make a loan repayment in full on or before the due date;
2. the failure to make timely payment of an administrative 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;
5. the general failure of the Borrower to pay its debts (i.e. cross defaults); and
6. the failure to observe or perform any other duties, obligations or responsibilities required for participation in the Transportation Bank, within 30 days after written notice.

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 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 Long-Term 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.

J. FEES

Loan Origination Fee (Administrative Loan Surcharge)

A Loan Origination Fee in the amount of 2% of the total estimated eligible Project cost is charged to all Borrowers. This non-refundable Loan Origination Fee offsets the cost of engineering and environmental services and requisition review, fund disbursement and site inspection services, legal fees, credit review and modeling, document processing and administrative expenses provided by the Transportation Bank for the Borrower in connection with, and as a condition precedent to, the inclusion of the project in the Transportation Bank Program. The total Loan Origination Fee is two percent (2%) of the final project cost and is trued-up at long-term financing. One-half of the Loan Origination Fee (1% of the total estimated eligible Project cost) is due by the Project Sponsor upon Short-Term Loan closing and will be financed through the Short-Term Loan. This fee will be drawn on the date of closing of the Short-Term Loan and transferred to the I-Bank in satisfaction of this partial fee payment obligation. The remaining 1% Loan Origination Fee balance is due and payable by the Project Sponsor upon Short-Term Loan conversion, as a component of the Borrower's first Long-Term Loan repayment or upon Short-Term Loan payoff for those projects who do not proceed to long-term financing.

Cost of Issuance Fee

A fee equal to 0.10% on 50% of the total original principal amount of the Long-Term Loan is applied to all Borrowers for Cost of Issuance.

Administrative Fee (Loan Servicing Fee)

A separate loan servicing fee in the amount of up to 0.17% of the total original loan amount is payable semi-annually to the I-Bank throughout the Long-Term 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 communities that meet the environmental justice, economic overburdened community or affordability criteria with early technical assistance, which includes, but is not limited to, public engagement services, technical assistance and expertise, and community education, and any other form of aid to develop and support the success of financing capital projects through the Transportation Bank.

Event of Default Fees and Expenses

The Borrower is charged reasonable fees, including attorney fees, 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 Note. 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 Transportation Bank for application review or construction management for a Borrower's Project, the costs thereof 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 and the costs shared with Borrowers.



Atlantic County – Route 629 Pedestrian & Traffic Signal Improvement Project

III. PINELANDS PROJECT FINANCING

Established by the Pinelands Infrastructure Trust Bond Act of 1985, L.1985, c.302, the Pinelands Infrastructure Trust Fund provides a source of funds specifically for infrastructure projects needed to accommodate existing and future needs in the 23 designated Pinelands Regional Growth Areas. Pinelands projects are approved by the Commissioner of the New Jersey Department of Environmental Protection (“DEP”) only after a finding has been made by the Pinelands Commission that the master plan and zoning ordinance of the municipality, and master plan of the county where the project is to occur conforms to the Pinelands Infrastructure Master Plan and the provisions of the comprehensive management plan.

Pinelands infrastructure projects are prioritized pursuant to the Pinelands Project Priority Methodology and placed on the Pinelands Project Priority List. The Pinelands Infrastructure Master Plan provides all ranking and prioritization guidelines for Pinelands infrastructure projects. The Pinelands Project Priority List is developed in conformance with the Pinelands Infrastructure Master Plan. The Pinelands Infrastructure Master Plan was amended in February 2019 to include one transportation infrastructure project. The Pinelands Commission has requested that the project be financed through the Transportation Bank using the funds sourced from the Pinelands Infrastructure Trust Fund. The Transportation Bank has included Pinelands Projects on its Project Priority List based on the methodology and ranking of the Pinelands Commission.

Pinelands/I-Bank financing for the Pinelands transportation infrastructure project(s) will be structured in accordance with the Pinelands Commission Master Plan:

- Pinelands infrastructure transportation projects are funded by the I-Bank with monies appropriated to the I-Bank from the Pinelands Infrastructure Trust Fund;
- Up to 40% of allowable project costs will be in the form of a grant;
- Up to 50% of allowable project costs will be in the form of a loan at an interest rate of 1.00%;
- The remaining 10% of any Pinelands transportation infrastructure project shall be funded through local match (“Match”). A Project Sponsor may either self-finance the Match or apply for an I-Bank loan to finance the Match requirement as long as the project qualifies for Transportation Bank funds pursuant to the Transportation Bank Project Priority List. The interest rate of such an I-Bank loan would be at a rate commensurate with the I-Bank’s Transportation Bank. In the event a participant elects to fund the Match with an I-Bank loan, the Project Sponsor is subject to the terms and conditions of the applicable Transportation Bank Short-Term Loan Program; and
- A participant may issue their own bonds to finance the unallowable costs of the project and allowable costs which exceed the I-Bank/Pinelands amounts or participants may finance these costs from other funds. Each participant must be capable of financing these costs in order to be eligible for financing from the Transportation Bank.

IV. FUNDS APPROPRIATED IN SFY2024

To the extent that additional funds are appropriated to the I-Bank to finance transportation infrastructure projects in SFY2024, the I-Bank shall finance projects in accordance with the terms and conditions of the source of funds and Board approval. In the event funds are appropriated to the I-Bank for financing the transportation infrastructure component of redevelopment projects, the I-Bank may issue grants, loans and provide other financial assistance including the establishment of a debt service reserve fund, and establish financing terms in accordance with, and in furtherance of, the purposes of the appropriation.

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V. APPENDICES

SFY2024 Project Eligibility List	A
SFY2024 Operating Budget	B

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APPENDIX A

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APPENDIX B

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NEW JERSEY INFRASTRUCTURE BANK

Address: 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, NJ 08648

Phone: (609) 219-8600 – **Fax:** (609) 219-8620

Web Site: <https://www.njib.gov/njtib>

Facebook: <https://www.facebook.com/njtransportationbank>

LinkedIn: <https://www.linkedin.com/company/nj-infrastructure-bank>

