



**NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE  
FINANCING PROGRAM  
STATE FISCAL YEAR 2012**

# **FINANCIAL PLAN**

**Submitted to the State Legislature by:**

- ▶ **The New Jersey Environmental Infrastructure Trust**
- ▶ **The New Jersey Department of Environmental Protection**

**MAY 2011**

**APRIL 29, 2011**

***New Jersey Environmental  
Infrastructure Trust***

***Public Board Members***

***Warren H. Victor, Chairman***

***Herbert Barrack, Vice Chairman***

***Robert A. Briant, Sr., Treasurer***

***Steven Gardner, Secretary***

***Ex-Officio Members***

***Andrew P. Sidamon-Eristoff, New Jersey  
State Treasurer***

***Bob Martin, Commissioner, New Jersey Department  
of Environmental Protection***

***Lori Grifa, Commissioner, New Jersey Department  
of Community Affairs***

***Executive Director***

***David E. Zimmer***

***New Jersey Environmental  
Infrastructure Trust***

***Mailing Address:  
3131 Princeton Pike  
Building 6, Suite 201  
Lawrenceville, NJ 08648  
(609) 219-8600***

***New Jersey Department  
of Environmental Protection***

***Mailing Address:  
Mail Code: 401-07  
P.O. Box 402  
Trenton, NJ 08625  
(609) 292-2885***

***Location Address:  
401 East State Street  
Trenton, NJ 08625***

***Report to the Legislature  
Pursuant to:***

***P.L. 1985, Chapter 334  
New Jersey Wastewater  
Treatment Trust Act of 1985  
as amended by P.L. 1997, Chapter 224***

***Submitted By:***

***Warren H. Victor, Chairman  
New Jersey  
Environmental Infrastructure Trust***

***Bob Martin, Commissioner  
New Jersey  
Department of Environmental Protection***

# **EXECUTIVE SUMMARY**

## **I. INTRODUCTION**

The New Jersey Environmental Infrastructure Trust (the “Trust” or “NJEIT”) and the New Jersey Department of Environmental Protection (“DEP”), which together fund and manage the annual New Jersey Environmental Infrastructure Financing Program (“NJEIFP” or “Financing Program”) are pleased to present this financial plan (the “Report”) to the New Jersey State Legislature in accordance with P.L. 1985, Chapter 334, as amended. This Report sets forth the plan by which projects, which have applied and qualify for NJEIFP loans, will be financed in State Fiscal Year (FY) 2012. To date, the NJEIFP has completed 24 annual financing cycles and has issued 931 project loans totaling over \$5.63 billion for environmental infrastructure projects. During the past twenty-four years, the NJEIFP has reduced total financing costs for municipalities, counties, authorities and public and private water utilities between 25-30 percent cumulatively saving taxpayers and ratepayers in excess of \$1.9 billion; spurring significant improvements to the State’s clean water and drinking water infrastructure; and serving as a major catalyst for economic and job growth throughout the State.

This financial plan delineates the NJEIFP’s administration of its FY2012 Financing Program for clean water and drinking water environmental infrastructure improvements. The FY2012 Financing Program features some significant changes relative to prior years such as (1) extending the deadline for new project State-wide submissions to March 7, 2011 to increase the project pool; (2) dedicating \$17 million for principal forgiveness loans (“PFLs”) for storm water improvement projects in the Barnegat Bay Watershed to begin addressing the critical water quality issues confronting this important State asset, (3) requiring that each applicant submit signed construction contracts as a condition precedent to receiving an NJEIFP loan, thereby ensuring that the Financing Program’s limited funds are committed only to those projects ready to proceed, (4) scheduling the NJEIT bond sale in April of 2012 to expand the application review period and maximize the number of projects receiving loans during FY2012, and (5) changing financing terms to seventy-five percent interest free DEP Loan and twenty-five percent market rate NJEIT Loan

## **II. FY2011 FINANCING PROGRAM SUMMARY**

### **A. OVERVIEW**

In FY2011, eighty-eight (88) projects valued at \$294 million were approved and received long-term NJEIFP funding. Twenty-two (22) projects valued at \$53.7 million have received early approval in the FY2012 Financing Program to commence construction. The remaining projects were not approved for funding due to either the project’s inability to secure all requisite environmental permits and program approvals, or that the applicant withdrew from the program or failed to satisfy the program’s credit or security requirements.

In addition to the FY2011 Financing Program, the NJEIT also completed a refinancing for two hundred and sixty (260) current borrowers through the sale of \$73.9 million in refunding bonds in August of 2010. As a result, the net savings to the affected New Jersey taxpayers and ratepayers will be reduced by more than \$15 million over the length of the refinanced loans. Through an innovative loan structure, the Trust achieved a record refinancing both in terms of loans refunded and total savings exemplifying the Trust’s commitment to minimizing its borrower’s debt service costs.

B. LOAN FUNDING SOURCES.

Each NJEIFP Loan consists of two components, a Fund Loan from the DEP and Trust Loan from NJEIT. The sources of funds for the State DEP Loan component of each FY2011 traditional Financing Program loan consisted of current and prior federal capitalization grants, the proceeds of previously issued State Bonds, State legislative appropriations, loan repayments, and interest earnings. Federal capitalization grants were also utilized as the source of funding for principal forgiveness loans in the FY2011 Financing Program. The proceeds from the sale of Trust issued bonds served as the funding source for the Trust loan component for all but three of the loans in the FY2011 Financing Program. On November 16, 2010, the Trust sold two separate bond issues totaling \$125,315,000, both rated Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's Corporation and Fitch Investors Service respectively. The Series 2010B and 2010C Bonds were sold as tax-exempt series pursuant to competitive bid at a true interest cost of 3.890230% and 3.856309% respectively. NJEIT funded the Trust Loan component of three smaller projects totaling \$208,586 through its Direct Loan Program using cash-on-hand.

III. FY2012 FINANCING PROGRAM SUMMARY

A. PROGRAM OVERVIEW

In an effort to encourage participation of local government units in the Financing Program during these difficult economic times, the DEP will finance 75% of the FY2012 Financing Program with its 0% interest cost funds. The net effect of DEP's decision to offer a greater percentage of DEP funds in the FY2012 Financing Program is that the borrowers' loans will bear net interest rates below that typically offered in prior years when the DEP provided funds for 50% of the Financing Program (on a typical \$1 million loan, this increase in the percentage of an NJEIFP loan financed with DEP 0% interest cost funds translates into an approximate interest savings over 20 years equal to an additional \$114,000 dollars above what NJEIFP's low rates already save these borrowers).

This year, the Financing Program has the ability to finance a minimum of \$436.7 million in loans to eligible, qualifying participants. This total amount will consist of \$328.3 million DEP Fund loans and \$109.4 million NJEIT Trust loans backed almost entirely by AAA issued, tax-exempt bonds (it is anticipated there will be a small number of NJEIT Direct Loans financed with the Trust's cash-on-hand).

i. LOAN ELIGIBILITY

There are generally four prerequisites to any applicant's eligibility to receive a FY2012 Financing Program loan for a particular project: (1) availability of funds, (2) identification of the project on a project priority list, (3) project approval (issuance of an "Authorization to Award" upon receipt of executed construction documents), and (4) the applicant's satisfaction of loan closing requirements.

ii. FUNDING SOURCES

The Program will increase the zero interest Fund Loan component for all Traditional Loan Projects from 50% to 75% resulting in loans whose net interest cost will be just twenty-five percent (25%) of the AAA market rate. Approximately \$263,926,100 will be available for clean water projects and \$172,816,539 for drinking water project loans (inclusive of Green Project Loans, Redevelopment Loans, and Principal Forgiveness Loans as discussed below).

The FY2012 Financing Program also includes a **Green Project Reserve**. Due to delays in finalization of the

FFY2011 budget appropriation, there has been a delay in the Environmental Protection Agency's (EPA) issuance of the federal clean water and drinking water capitalization grant guidelines for the expenditure of FFY2011 clean water and drinking water state revolving funds. As such, it is unclear whether the federal clean water and drinking water capitalization grant guidelines will require states to set aside a portion of their clean water and drinking water capitalization grant for green project loans. Moreover, it is anticipated that there will be a reduction in New Jersey's clean water and drinking water capitalization grants for FY2012. The FY2012 Financing Program will include a Green project reserve to the extent such loans are required or capitalization grants are sufficient to continue offering such loans.

The FY2012 Financing Program also includes a **Redevelopment Project Reserve** for eligible redevelopment projects.<sup>1</sup> The State has set aside \$30 million of clean water state revolving fund sources for this Reserve. Combined with the Trust loan, approximately \$40 million will be available for Redevelopment Project Loans in the FY2012 Financing Program.

In conjunction with Governor Christie's stated initiative for the **Barnegat Bay Watershed**, PFLs will be available for a limited number of storm water projects in the Barnegat Bay Watershed. The DEP has established a \$17 million reserve for principal forgiveness loans to the highest ranked Barnegat Bay Watershed projects to be awarded according to the DEP's internal ranking methodology specific to these projects. Moreover, of this reserve, the DEP has allocated \$11 million for 100% PFLs for nutrient reduction projects and an additional \$5 million for nutrient reduction projects structured as follows: 25% DEP principal forgiveness, 50% DEP zero interest, and 25% Trust market rate. The DEP is allocating the final \$1 million for equipment purchases. All equipment purchases will be limited to a maximum PFL of up to \$250,000. The source for these PFLs is the Federal Fiscal Year (FFY) 2010 clean water capitalization grant.

Due to delays in EPA's issuance of the FFY2011 federal clean water and drinking water capitalization grant guidelines, NJEIFP staff are also uncertain whether the EPA will require states to set aside a portion of their clean water and drinking water capitalization grant for PFL loans. Moreover, it is anticipated that there will be a reduction in New Jersey's clean water and drinking water capitalization grants for FY2012. The FY2012 Financing Program will include PFLs to the extent such loans are required or capitalization grants are sufficient to continue offering PFLs. If such PFLs are offered, the State is prepared to dedicate thirty percent (30%) of its state capitalization clean water and drinking water grants for such projects. PFLs may consist of a forty percent (40%) Trust Loan component and a sixty percent (60%) State Loan component.<sup>2</sup> Typically, twenty percent (20%) of the total loan amount will be subject to principal forgiveness and 50% for very small water systems under the drinking water program. No borrower may receive in excess of a \$2 million principal forgiveness for one or more projects financed through either the drinking water or clean water programs.

Finally, Interim Financing Program ("IFP") Loans will be available for projects approved to receive long-term financing. IFP Loans will be available upon the applicant's submission of executed construction contracts for which DEP has issued an Authorization to Award. Such loans will finance costs disbursed prior to long-term financing (projected closing: May, 2012).

### iii. PROGRAM DEMAND

Based upon program applications received, there are a total of 171 clean water and drinking water projects eligible

---

1 See the discussion below as well as the State Fiscal Year 2012 January Priority List and Financial Plan for additional information regarding eligibility requirements.

2 Smart Growth and Green Project Reserve loan rates, i.e., 75% zero interest and 25% market rate are not available for Principal Forgiveness Loans.

to participate in the FY2012 Financing Program totaling approximately \$615,811,080 in project costs. This loan total includes (i) Supplemental Loans requested from previously funded projects and (ii) land preservation loans.

There are 110 clean water projects totaling approximately \$394,510,675 including 6 requests for Supplemental Loans from previously financed projects totaling \$17,473,104. There are 61 drinking water projects totaling approximately \$221,300,405 including 3 requests for Supplemental Loans from previously financed projects totaling \$2,982,001.

iv. PROJECT PRIORITY LIST / PROJECT ELIGIBILITY

This plan amends the list of eligible projects provided in the January 2011 Project Priority List and Financing Strategy to include new project loan applications, supplemental loans and emergency projects. The FY2012 Financing Program projects are set forth in three project lists: The **Clean Water Barnegat Bay Storm Water Principal Forgiveness** project list, the **Clean Water** project list, and **Drinking Water** project list.

The project lists also set forth project cost estimates determined by the NJEIFP as eligible for funding under the federal Clean Water Act and/or Safe Drinking Water Act including construction, planning and design (e.g., engineering design) and administrative costs (e.g., legal). While a particular project's total costs may exceed the cost estimate set forth on the project priority list, costs deemed ineligible for funding under the federal Clean Water Act or Safe Drinking Water Act are not reflected in the project lists and will not be funded. Moreover, applicants should not deem project cost estimates as indicative of the sufficiency of funds but rather that the project may compete for limited funding subject to their project ranking on the priority list.<sup>3</sup>

Eligibility to seek funding in the FY2012 Financing Program is limited to (1) projects that applied for financing in the FY2011 Financing Program that were neither funded nor bypassed in that financing program; (2) projects for which letters of intent, planning documents, applications, construction drawings, and contract documents were submitted by March 7, 2011; and (3) storm water projects in the Barnegat Bay Watershed for which letters of intent were submitted by March 7, 2011 (subject to submission of complete environmental planning, applications and design documents by July 1, 2011 or as otherwise extended by DEP).

Project Prioritization. The NJEIFP's project prioritization methodology is the means by which limited funds are distributed among eligible projects. A particular project's priority list rank is significant to its eligibility to receive a FY2012 Financing Program Loan given the limited funds available for projects. In prior years, the NJEIFP was able to finance all projects that fulfilled NJEIFP requirements regardless of their project ranking, due to the availability of State and federal funds.

Clean Water Barnegat Bay Principal Forgiveness Project List. The FY2012 Financing Program Clean Water Barnegat Bay Principal Forgiveness project list sets forth all storm water projects in the Barnegat Bay Watershed eligible to seek a principal forgiveness loan in the FY2012 Financing Program. Eligible program activities are limited to storm water management, non-point source pollution control projects and equipment purchases resulting in water quality improvements in the Barnegat Bay Watershed.

---

<sup>3</sup> The project lists accompanying the DEP Clean Water and Drinking Water Intended Use Plans, reflect the estimated allowable project costs and the Clean Water and Drinking Water Project lists set forth herein reflect fundable amounts developed in anticipation of legislative appropriation. The legislative appropriation amounts exceed the IUP amount to ensure projects are fully funded in the event of unanticipated events such as cost overruns. NJDEP's project lists should be utilized for an identification of project cost estimates.

Funding priority among Barnegat Bay Principal Forgiveness Storm Water projects in the FY2012 Financing Program (except for the equipment set aside for barrier island municipalities): (1) the construction of new storm water best management practices (BMPs ) (e.g., gravel wetlands, bio-retention basins, constructed wetlands) or retrofits of existing BMPs that reduce existing nitrogen discharges into Barnegat Bay; (2) the purchase of equipment (e.g., street sweepers, vacuum trucks) to reduce the pollution from storm water runoff discharging into the Bay; and (3) the construction of new storm water best management practices (BMPs ) or retrofits of existing BMPs that reduce existing pollutants (e.g., suspended solids) discharge into Barnegat Bay (e.g., infiltration basins, extended detention, and manufactured treatment devices).

Clean Water (including Barnegat Bay) Project List. The FY2012 Financing Program Clean Water (including Barnegat Bay) project list sets forth all clean water projects eligible to seek financing in the FY2012 Financing Program. Eligible clean water program activities include wastewater management, storm water management and non-point source pollution control projects, landfill closures, open space land acquisition, brownfield remediation and well sealing. Funding prioritization is as follows: supplemental loan projects, emergency projects, and then projects that meet program deadlines in accordance with their rank on the State's Clean Water Project Priority List. Clean Water project ranks are based on the total number of ranking points each project receives in five categories: (1) Local Environmental Enhancement Planning Activities, (2) Project Discharge Categories, (3) Water Use/Water Quality, (4) Smart Growth, and (5) Population.<sup>4</sup>

Eligibility for the Clean Water Green Project Reserve is also based on the ranked order of Green Projects as they appear in the clean water project list. Eligibility for principal forgiveness loans is also based on the ranked order of all projects (exclusive of land and supplemental loans) as they appear in the clean water project priority list. All Second Chance Projects (projects which missed the Fall of 2010 Letter of Intent submission deadline but submitted a letter of intent, environmental planning, applications and design documents by March 7, 2011 are ranked below projects which met the Fall submission deadline).

Drinking Water Project List. The FY2012 Financing Program Drinking Water project list sets forth all drinking water projects eligible to seek financing in the FY2012 Financing Program. Eligible Drinking Water Project activities include rehabilitation or development of sources to replace contaminated water sources, treatment and storage facilities transmission/distribution pipes and appurtenances to prevent contamination or improve water pressure to safe levels, and upgrades to security measures.

The FY2012 Drinking Water Financing Program gives first priority to emergency projects followed by supplemental projects, then to the first 15% of small systems for Drinking Water projects, then to new traditional loan projects that meet program deadlines in accordance with their rank on the State's Drinking Water Project Priority List and then to Second Chance Projects. Drinking water projects are ranked in accordance with criteria associated with public health, compliance, affordability, approved drinking water plans and state planning area designations.<sup>5</sup>

Eligibility for the drinking water green project reserve is also based on the ranked order of Green Projects as they appear in the drinking water project priority list. Eligibility for principal forgiveness loans is also based on the ranked order of all projects (exclusive of supplemental loans) as they appear in the drinking water project priority list.

---

4 A discussion of the methodology and criteria are set forth in the DEP's amended FFY2011 Clean Water State Revolving Fund Priority System, Intended Use Plan, and Project Priority System.

5 A discussion of the methodology and criteria set forth in the DEP's amended FFY2011 Drinking Water State Revolving Fund Priority System, Intended Use Plan, and Project Priority System.

v. PROJECT CERTIFICATION

Project certification is required for all projects seeking program financing and is issued by each; the Commissioner of the DEP and the NJEIT's Board of Directors upon a project's receipt of all permits and compliance with environmental planning, design, and construction contract document requirements. Only upon the DEP's receipt executed construction contracts subsequent to issuance of authorization to award are applicants eligible to receive a FY2012 Financing Program loan. Although this will reduce the number of projects receiving certification, it will commit limited program funding and resources to only those projects that are ready to commence construction.

vi. LOAN CLOSING REQUIREMENTS

The final prerequisite to loan eligibility is a project's compliance with loan closing requirements. Although the actual requirements typically vary by type of applicant (municipal, authority or public/private water utility), applicant obligations generally include but are not limited to completion of a financial addendum form, passage of an authorizing resolution, reimbursement resolution and bond resolution, securing Local Finance Board or Board of Public Utilities approval (as applicable), and agreement to the terms of the NJEIFP's loan closing documents, including bond covenants, project drawdown schedules, continuing disclosure and numerous other document provisions to demonstrate the borrower's ability to repay the loan and satisfy the NJEIFP's credit worthiness standards.

B. FINANCING SCHEDULE

Projects other than Barnegat Bay Storm water/NPS projects seeking principal forgiveness loans were required to submit letters of intent, planning, design and loan applications by March 7, 2011. Barnegat Bay Storm water/NPS projects seeking principal forgiveness loans were required to submit letters of intent by March 7, 2011 and planning, design and loan applications are due on July 1, 2011 or as otherwise extended by DEP. The FY 2012 application review schedule has been extended by approximately six months. The extended review period will increase the number of projects reviewed as well as greater program flexibility to adjust to the requirement that authorizations to award must be issued for all FY 2012 Financing Program projects.

The DEP will finalize its certification of FY 2012 Financing Program projects prior to February 1, 2012 and submit such certifications to the Trust. (Note: Failure of the project sponsor to satisfy any conditions of the certification prior to escrow closing will result in the project sponsor being ineligible for loan award in the FY 2012 financing cycle.)

Program participants are required to close in escrow their loan agreements, and deliver in escrow their bonds or collateral evidencing the loans, in March 2012. The Trust will then sell its bonds to finance the Trust loans. It is anticipated that the Trust bond sale will occur in mid-April of 2012. A detailed proposed schedule is set forth in the Appendices to this Report.

The Trust may establish an alternate financing schedule for Traditional Financing Program projects and/or private solid waste/ brownfield remediation projects if deemed necessary.

C. BOND REFUNDING

Independent of and separate from the bond issues planned for the FY 2012 Financing Program, the Trust will continue to review prior bond issues to determine if refinancing would provide substantial savings to borrowers. The Trust will proceed with the refinancing of prior issues when circumstances warrant such action. To the extent

permitted by law, such refunding bonds will have the same security features as the issue being refunded.

#### D. INTERIM FINANCING LOANS.

The Interim Financing Program was introduced in 2004 to provide financing for projects satisfying the NJEIFP's administrative, technical, environmental and permitting requirements. Only projects eligible to receive funding in the SFY2012 Financing Program year and that have received pre-award approval and project certification are eligible for Interim Loans. Projects receiving Interim Loans receive loan disbursements for eligible costs consistent with the project's draw down schedule until long-term loan closing. Monies provided by the Trust come from the Interim finance account, and other Trust sources such as interest earnings. The Trust Board of Directors has formally adopted a resolution outlining the Interim Financing Program features, including the scenarios in which an Interim Loan is appropriated, the limitation on the loan amounts and the calculation of the interest rates. In FY 2012, Interim Loans for public projects are interest free and private party projects pay an interest rate of 2% on disbursed funds.

The Interim Financing Program has become an important component of the annual financing program, and each year more projects rely on it for interim funding to commence project construction in anticipation of long-term financing. The Trust and DEP will be requesting the legislature to appropriate \$100,000,000 of State funds to the Trust for the Interim Financing Program. The Trust may procure a line of credit or similar credit instrument from a commercial bank (the "Line of Credit") to secure additional sums necessary for the interim financing of projects receiving State Fiscal Year 2012 appropriations.

Pre-Award Approval Pre-Requisite. Projects having satisfied all NJEIFP and permitting requirements may receive pre-award approval, which enables a project to commence construction activities for which it will be eligible for reimbursement from NJEIFP sources. Conversely, any construction activities (including procurement) commenced prior to pre-award approval are ineligible for funding. This is a significant difference from the federal grants programs, because project sponsors may maintain the eligibility of project costs incurred prior to the execution of formal State loan agreements. To maintain the eligibility of such costs, project planning (including the issuance and expiration of an Environmental Assessment prepared by the DEP) and design and contract documents (including issuance of authorization to advertise and authorization to award contracts for which reimbursement is sought) must be reviewed and approved by the Municipal Finance and Construction Element. Further, all permits and approvals for the construction of the project must be secured. Moreover, executed construction contracts must be presented to the Department subsequent to receipt of an Authorization to Award. No more than one-half of soft costs may be disbursed in an Interim Financing Loan. It should be noted that federal policy limits the amount of funds the States may withdraw from capitalization grants for "refinancings." Because federal policy defines any costs incurred prior to loan award to be "refinanced," there is a possibility that reimbursement for all pre-award costs may not be feasible at the time of loan award.

Pre-award Approval Through Emergency Declaration. The NJEIFP recognizes that environmental infrastructure emergencies may occur that endanger public health and welfare, and can result in substantial environmental damage. Such circumstances require an immediate response for which a complete technical and environmental review in advance of construction is not possible. The DEP has developed a process to respond rapidly to emergencies by obtaining basic project information from project loan applicants, making an eligibility determination and issuing a pre-award approval so that owners/operators can undertake the needed repairs and maintain eligibility for those expenditures through the NJEIFP.

Qualifying emergency conditions are limited to those where failure has occurred or where failure is imminent and,

unless corrected, will result in substantial pollution of the environment (such as collapse of a wastewater line) and/or substantial curtailment of the functions of the infrastructure.

#### D. DIRECT LOANS.

The Trust began issuing Direct Loans in 2001 to reduce the cost of long-term financing by utilizing cash on hand (as opposed to bonds) to finance the Trust loan component. Direct Loan recipients are required to comply with all of the submission, scheduling and program approvals of other long-term loans. In FY 2012, project loans may be made up to \$500,000 for equipment projects and \$600,000 for non-equipment projects. The loans shall be structured as 25% market rate loans, and the Trust loan component consist of funds on hand thereby foregoing loan closing requirements necessitated by Trust issued bonds. The Trust loan component also has an interest rate commensurate with that incurred by the Trust for its last bond issue.

Monies provided by the Trust come from Trust accounts, such as interest earnings. The Trust Board of Directors has formally adopted a resolution outlining the scenarios in which a Direct Loan is appropriate, the limitation of the loan amounts, and the calculation of the interest rates. Direct Loans can be awarded in the instance of small projects for government agencies or private entities that are either fiscally constrained or do not have the administrative capability to be involved in a complex bond deal.

#### E. PLANNING AND DESIGN LOANS.

The Planning and Design Loans provide low interest loans to finance the cost of environmental planning and engineering design services for environmental infrastructure projects, utilizing loan monies provided by the Trust from Trust accounts, such as interest earnings. The loans are structured as temporary financing for preliminary project activities, with the expectation that the projects will secure long-term financing through the NJEIFP.

Upon receipt of an application, the DEP makes a determination as to project eligibility. Project loans are made upon a project sponsor's compliance with NJEIFP loan requirements. Planning and Design loans are made for a period not to exceed one year and at interest rates established by the Trust's Board of Directors. The Planning and Design Loan Program provides loans up to \$500,000 per project loan.

#### F. EMERGENCY LOANS

Since 2008, the Trust has implemented an Emergency Loan Program whereby the Trust loans are funded by the Trust from Trust accounts, such as interest earnings. The Trust Board of Directors has formally adopted a resolution outlining the scenarios in which an Emergency Loan is appropriate, the limitation of the loan amounts and the calculation of the interest rates. Emergency Loans can be awarded upon the DEP's declaration that a project is an eligible environmental infrastructure project the repair of which will negate an imminent threat to the environment. The Emergency Loan Program provides Trust loans up to \$1,500,000 per project.

# NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM

## FY2012 FINANCING PROGRAM

### A. THE NJ ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM.

1. **Introduction.** The NJEIFP is a partnership between the DEP and the New Jersey Environmental Infrastructure Trust (Trust) that commenced in 1987 to provide low-interest loans for environmental infrastructure projects. Throughout its history, the NJEIFP has focused primarily upon providing financing for the construction and improvement of clean water and drinking water facilities and distribution systems that protect the State's natural resources and public health. This will continue to be the NJEIFP's primary focus in SFY 2012. Each NJEIFP loan has a Trust market rate loan component and a State loan component. The State loan component is typically comprised of one of two financing sources: the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF). Since its inception in 1987, the NJEIFP has issued in excess of \$5.6 billion in project loans for 931 environmental infrastructure Project loans. Borrowers have saved in excess of \$1.9 billion in debt service obligations by utilizing the NJEIFP.

a. **The Clean Water Program.** In the Water Quality Act of 1987, which amended the Clean Water Act (CWA), Congress required states to establish a CWSRF program to qualify for federal capitalization grants. The CWSRF provides financial assistance for the construction of projects that protect, maintain and improve water quality.

Each year the DEP develops a "Proposed Priority System, Intended Use Plan, and Project Priority List" as required by federal and State law. After a public comment period, the DEP submits a final Priority System, Intended Use Plan and Project Priority List to the USEPA for approval. The Priority System (PS) describes the ranking methodology for the municipal water pollution control projects that are eligible for financial assistance through the NJEIFP. The Intended Use Plan (IUP) provides information on funds available through the clean water component of the NJEIFP, including all federal funds allotted to the State under the CWA and available to the CWSRF. The Priority List identifies projects targeted for financial assistance from the CWSRF and identifies the estimated total eligible building costs under the appropriate project category.

New Jersey's FFY 2011 CWSRF capital grant is expected to approximate \$60 million. The DEP anticipates utilizing 4% of the CWSRF grant for CWSRF administrative costs. Given the fact that the capitalization grant guidelines have not been received for FFY2011 as of the date of this Financial Plan, the DEP is uncertain what amount of funding will be available for principal forgiveness loans.

b. **The Drinking Water Program.** The Federal Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) to assist publicly owned and privately owned community drinking water systems and nonprofit non-community drinking water systems to finance the costs of infrastructure needed to achieve or maintain compliance with SDWA requirements and to protect the public health in conformance with the objectives of the SDWA. The DWSRF is administered similarly to the State's Clean Water State Revolving Fund.

Each state may develop its own DWSRF program to finance drinking water projects in accordance with the DWSRF Program Guidelines issued by USEPA dated February 1997 and the DWSRF Interim Final Rule dated August 7, 2000.

New Jersey's FFY 2011 DWSRF capital grant is expected to be \$19.5 million. The DEP expects that a minimum of 30% of that amount will be available for Drinking Water principal forgiveness loans subject to U.S. EPA guidance for the Drinking Water FFY2011 capitalization grant. The DEP plans to use 16% of these funds for non-project set-aside expenditures, which includes DWSRF administrative costs. If, the full 16% is not requested, the DEP reserves the authority to use the balance of the 16% of funds authorized for set aside purposes in future years.

In accordance with the Safe Drinking Water Act Amendments, USEPA has established controls and requirements conditioning the use of federal moneys within the DWSRF loan program. In particular, states must provide a 20% match to the federal Capitalization Grant. The State will meet this requirement through appropriations from the 1981 Water Supply Bond Act administered by the DEP.

c. The New Jersey Environmental Infrastructure Trust. The New Jersey Environmental Infrastructure Trust was created by the Wastewater Treatment Trust Act, P.L. 1985, c.334, N.J.S.A. 58:11B-1 et seq. (Trust Act). The Trust is an independent state financing authority, in but not of the DEP, empowered to issue revenue bonds for the purpose of making loans to finance the construction of eligible environmental infrastructure projects. In August 1997 the Trust Act was amended by P.L. 1997, c.224 to change the name of the Trust, expand its role to include the financing of storm water management and drinking water projects. The present cap for outstanding bonds is \$2.7 billion. The total amount of outstanding Trust bonds is \$1.50 billion excluding refunding bonds.

The Trust is subject to thorough oversight by the State. It is governed by a 7-member Board of Directors. Trust Board meeting minutes are forwarded to the Governor and the Legislature. The Governor has the right to disapprove Trust actions by veto of the minutes. The Trust is managed by an Executive Director and is assisted by other administrative officers and staff. The Governor and the State Treasurer must approve Trust debt issues before bonds can be authorized for issuance by the Trust.

Project loans issued by the Trust and Fund require prior authorization through legislative acts specifying the aggregate amount of funds to be expended. The project details of the annual legislation are found in the Clean Water and Drinking Water Project Priority Lists, which are developed in accordance with the State priority ranking systems and submitted to the Legislature by January 15 of each year. In addition, the Trust must submit a financial plan to the Legislature by May 15 of each year. This report satisfies this requirement. Both the Senate and Assembly must approve the plan.

Over the years the types of projects eligible for financing have been expanded to include the water quality related aspects of such areas as landfills (for closure activities and new cell construction). In 2001, land acquisition and conservation, remedial action activities and well sealing were added.

Additionally, the Trust is considering ways to directly finance private persons that sponsor projects to correct water quality problems linked to non point source activities, such as agricultural cropland activities, animal feeding operations (that are not permitted as a point source) and other animal-related sources. The agriculture industry relies on clean and plentiful water to manage and operate farm and livestock activities.

To address needed environmental infrastructure improvements, several State general obligation bond issues were approved to capitalize the various loan funds, which are administered by the DEP and the Trust.

- The Wastewater Treatment Bond Act of 1985, P. L. 1985, c. 329 (Wastewater Bond Act) authorized the State to issue \$190 million in general obligation bonds, providing \$150 million to capitalize the Fund portion of the NJEIFP and \$40 million to capitalize the debt service reserve funds securing the Trust's revenue bonds.

- In 1992, the voters approved \$50 million for wastewater projects as part of the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992 (Green Acres Bond Act) providing \$5 million to the Trust to leverage via capitalization of Trust debt service reserve funds and \$45 million to capitalize the Fund portion of the NJEIFP.
- In 1997, voters approved amendments to the Storm water Management and Combined Sewer Overflow Abatement Bond Act of 1989 (CSO Bond Act), providing \$5 million for the Trust to leverage via capitalization of Trust debt service reserve funds.
- The Water Supply Bond Act of 1981 (Water Supply Bond Act) was also amended in 1997 to provide up to \$50 million to the Trust to leverage via the capitalization of debt service reserve funds or project costs. These funds are used to satisfy the 20% state match requirement for the Drinking Water Program under the Capitalization Grant.
- The Dam, Lake, Stream, Flood Control, Water Resources and Wastewater Treatment Bond Act of 2003 was adopted, authorizing the State to issue bonds for \$200 million. It appropriated \$5 million to the Trust for debt service reserve funds and \$45 million to the DEP for financing water supply and wastewater treatment projects.

Through these actions, the State Legislature and the public have authorized substantial monies for the DEP and the Trust to provide low cost financing for environmental infrastructure projects in the State.

#### B. ELIGIBLE ACTIVITIES

The clean water component of the NJEIFP finances emergency type projects which include unforeseen failures of collection, conveyance and/or treatment systems as well as wastewater management, stormwater management, and non point source pollution control projects, such as land acquisition, landfill closure and new cell construction, well sealing and remedial actions to protect water resources for eligible municipalities, counties and authorities throughout the state. The drinking water component of the NJEIFP finances drinking water projects for eligible authorities, municipalities, counties and privately owned or nonprofit non-community drinking water systems.

The Tax Reform Act of 1986 imposes restrictions on the types of projects that can be financed with tax-exempt bonds. In the past, the Trust was only authorized to finance projects that were government owned and either governmentally owned or operated by private entities under conforming management contracts under IRS guidelines. Where these IRS guidelines could not be met, the Trust has issued AMT bonds for clean water projects in the past. However, with the authorization to finance private or nonprofit drinking water systems, the Trust may issue additional series of AMT bonds or taxable bonds to finance projects involving nonprofit use, private use, private payments, or private loans and not otherwise complying with Federal income tax requirements for tax exempt governmental bonds. If allowable under applicable law, the Trust will seek to combine these respective series of drinking water project bonds with like series of clean water project bonds.

The issuance of AMT bonds imposes additional conditions precedent to the issuance of Trust bonds, including, without limitation, the receipt of a volume cap allocation from the Treasurer, 2% costs of issuance limitation and hearings under the Tax and Equity Fiscal Responsibility Act of 1982 (“TEFRA”).

Eligibility to seek funding in the FY2012 Financing Program is limited to (1) projects which participated in the FY2011 Financing Program that were neither funded nor bypassed in that Financing Program; (2) projects for which letters of intent, planning documents, applications, construction drawings, and contract documents were submitted by March 7, 2011; and (3) storm water projects in the Barnegat Bay Watershed for which letters of intent

were submitted by March 7, 2011 (subject to submission of complete environmental planning, applications and design documents by July 1, 2011).

Only drinking water systems and their owner(s) who demonstrate adequate technical, managerial and financial capacity, or that the award of financing will address the noted compliance issues are eligible for funding under the federal Safe Drinking Water Act. Generally, the three areas of capacity development may be summarized as follows:

**Technical capacity** – The project sponsor must be in compliance with New Jersey’s Safe Drinking Water rules, Water Supply Allocation Permit rules and statutes, must have a licensed operator pursuant to N.J.A.C. 7:10A and not be in significant noncompliance.

**Managerial capacity** – The project sponsor or water system must not be in receivership, must demonstrate clear ownership and must not have any continuing violations.

**Financial capacity** – Drinking water systems must receive approvals from the Local Finance Board or the Board of Public Utilities. Those private drinking water systems not subject to BPU review will be evaluated on a case by case basis.

### C. PROJECT LIST / RANKING

The FY2012 Financing Program Clean Water Project Priority List set forth in the January 2011 Report, identified eighty-eight (88) projects with an estimated cost of \$585.6 million. The Drinking Water Project Priority List identified twenty (49) projects with an estimated cost of \$196.0 million. The detailed ranking methodologies for Clean Water and Drinking Water Projects are set forth in the FFY2011 Intended Use Plans available at [www.njeit.org/publications](http://www.njeit.org/publications).

The Clean Water and Drinking Water Project Priority Lists of the January 2011 report have been modified both with regard to structure and project pool due to two Program changes. At the time of publication of the January 2011 Report, the Barnegat Bay Initiative was announced. The Program accepted Barnegat Bay Storm Water project submissions through March 7, 2011 resulting in 21 additional projects in the FY2012 Financing Program. Due to the independent ranking of those projects for Barnegat Bay Principal Forgiveness Loan eligibility, an additional Clean Water Project Priority List (Barnegat Bay Project Priority List) is set forth in this May 2011 Report.<sup>6</sup> The Program also issued a “Call for Projects” wherein new projects were accepted through March 7, 2011, resulting in 31 additional projects in the FY2012 Financing Program.

The FY2012 Financing Program Project Priority Lists include a total of one hundred and seventy one (171) projects totaling approximately \$ 615,811,080 in project costs. The Clean Water Project Priority List (including Barnegat Bay) includes eighty nine (89) projects at an estimated cost of \$ 350,433,973. The Clean Water Barnegat Bay Principal Forgiveness Project Priority List includes twenty one (21) projects at an estimated cost of \$44,076,702. The Drinking Water Project priority List includes sixty one 61 projects at an estimated cost of \$221,300,405.

Typically, not all of the projects listed in the project list will receive funding for numerous reasons such as voluntary withdrawal, failure to secure all permits and technical approvals, and failure to satisfy the program’s credit and security requirements. As a result, the project lists only serve to define the pool of projects from which loans will be made. The projects listed in Appendices A, B, C, and D are prospective recipients of financing in this year’s Financing Program. Similarly, the project costs set forth in the Appendices are Applicant estimates and all are subject to (downward) adjustments during application review process for project eligibility.

---

<sup>6</sup> Due to the likelihood that certain Barnegat Bay Projects will seek Traditional Loans in the event of Principal Forgiveness Loans are unavailable, the Barnegat Bay Projects are also included in the Clean Water Project Priority List.

Included in these Appendices are the following Supplemental Loan Projects: six(6) clean water projects funded in a prior Financing Program at an estimated cost of \$ 17,473,104 and three (3) drinking water projects funded in a prior Financing Program at an estimated cost of \$2,982,001 funded by the Financing Program. These supplemental loans cover the difference between the loan amounts based on engineering estimates (i.e., amounts certified and loaned in prior funding years) and the actual costs based on bids received, and/or additional funding due as a result of the changes to the rules. The supplemental loans for this year's Financing Program will be given priority over new project loans in each of the programs.

Total allowable costs for the FY2012 Financing Program clean water projects (new and supplemental loans) which have submitted loan applications are estimated at \$394,510,675. Total allowable costs for the FY2012 Financing Program drinking water projects (new and supplemental loans) which have submitted loan applications are estimated at \$221,300,405.

If all projects continue to meet program requirements and project cost estimates do not change, construction loans can be made available to all supplemental applicants and \$20,455,105 of the \$612,829,079 new loan applicants. Total available funding (combined State and Trust sources) for all clean water and drinking water project loans is \$263,926,100 and \$172,816,539 for all Clean Water and Drinking Water projects respectively.

Of the Barnegat Bay Projects, Principal Forgiveness Loans will be made available to \$17 million of the \$44,076,702 Projects. (assuming all meet the July 1, 2011 application submission and other requirements, and assuming no Barnegat Bay projects seek Clean Water Traditional Loans).

Of the total available funding, funding (combined State and Trust sources) for clean water green project loans and drinking water green project loans is \$12,200,000 and \$3,900,000 respectively, eligibility for which may be based on green project priority ranking.

Of the total available funding, (combined State and Trust sources) for clean water redevelopment loans is \$40 million, eligibility for which will be based on project priority ranking of redevelopment conduit projects relying on private credit for loan securitization.

Of the total available funding, funding (combined State and Trust sources) for principal forgiveness loans for clean water and drinking water projects may be up to \$18,000,000 and \$5,850,000 respectively; principal forgiveness loan eligibility will also be based on project priority ranking.

## D. PROGRAM STRUCTURE

### 1. Loan Structure / Sources of Funds

a. Traditional Project Loans. The interest rate charged for FY2012 Traditional Project loans is a blended rate from two funding components. For projects other than supplemental loans and those very small drinking water systems receiving principal forgiveness loans, the structure is as follows: (i) three-quarters of each project financing is an interest-free Fund loan administered by the DEP; and (ii) one-quarter of each project financing is a market-rate loan from the Trust, which will sell its AAA-rated tax exempt bonds for the purpose of funding the majority of such Trust loans. For Supplemental Loans, the loan structure mirrors that of the project's original NJEIFP loan. Very small drinking water system principal forgiveness loans are discussed below.

The source of funds for the State Loan Component are USEPA Capitalization Grant funds, proceeds from State

general obligation bonds, repayments from prior Fund loans deposited into the various Funds, Fund loan deobligations, State appropriations, a portion of the fees collected under Title I of the Marine Protection, Research and Sanctuaries Act and interest earnings thereon, as applicable. The source of funds for the Trust Loan Component are the proceeds from Trust issued bonds. **Trust Bonds are not State of New Jersey Bonds nor are they backed in any way by the State of New Jersey. The Trust sells New Jersey Environmental Infrastructure Trust Bonds secured by the borrowers and not by the State. Since 1995 the Trust Bonds have been rated a natural AAA/AAA/Aaa by the three major rating agencies. No bond insurance is required, so the Trust is not impacted by the current turmoil in the bond insurance market.**

Sources of Funds –Traditional Project Loans (including supplemental loans and excluding those very small drinking water systems receiving principal forgiveness) may be a combination of the four sources listed below:

- i. A Trust loan at market rates to finance between 25% and 75% of the allowable cost of the project.
- ii. A Fund loan at zero-interest to finance between 25% and 75% of the allowable cost of the project.
- i. An Equity contribution and/or financing (outside NJEIFP financing sources) by the borrowers for the unallowable costs of the project and for allowable costs which exceed the financial assistance provided by the Traditional Financing Program.
- ii. Other State and Federal grant programs.

b. Principal Forgiveness Loans (Non-Barnegat Bay). It is unlikely the NJEIFP will offer non-Barnegat Bay principal forgiveness loans in FY2012 due to reductions in clean water and drinking water capitalization grants. Subject to the requirements and funding levels of these capitalization grants, the State may dedicate thirty percent (30%) of the clean water state capitalization grant or \$18,000,000, and thirty percent (30%) of the drinking water state capitalization grant or \$5,850,000.

Principal Forgiveness loans are structured as follows (excluding certain very small drinking water system principal forgiveness loans): Sixty percent (60%) of the financing consists of an interest-free, DEP administered Fund loan. Forty percent (40%) of the financing is a market-rate loan from the Trust at its AAA-rated tax exempt rate. Within the first year of the making of the Fund loan and upon satisfaction of certain conditions precedent, the DEP will forgive the principal repayment obligation with respect to a portion of the Fund loan representing twenty percent (20%) of the combined Trust and Fund loan (exclusive of fees). No borrower may receive principal forgiveness in excess of \$2 million for projects receiving either clean water or drinking water program loans. Land projects are ineligible to receive principal forgiveness loans.

Certain very small drinking water system projects (serving fewer than a population less than 500), may qualify (in ranked order) to receive Principal Forgiveness Loans as follows: one-half of the loan (not to exceed \$2.5 million per borrower) will be subject to principal forgiveness; one quarter of the loan will be a market rate Trust loan; and one-quarter of the loan will be a State funded zero interest loan. Very small system principal forgiveness loans exceeding \$5 million will be eligible to receive FY2012 Financing Program loans consistent with other Traditional Project Loans, i.e., 75 percent zero interest loans and 25 percent market rate loans for smart growth and green reserve projects; and 50 percent market rate loans and 50 percent zero interest loans for other projects (See section a. above).

Sources of Funds –Principal Forgiveness Loans (excluding very small drinking water systems receiving principal forgiveness loans) in FY2012 may be a combination of the four sources listed below:

- i. A Trust loan at market rates to finance approximately 40% of the allowable cost of the project;
- ii. A Fund loan at zero-interest for approximately 60% of the allowable cost, subject to forgiveness by the DEP of the principal repayment obligation with respect to a portion of the Fund Loan representing 20% of the overall loan (exclusive of fees), such forgiveness being expected to occur within the first year of the making of the Fund loan and upon satisfaction of certain conditions precedent;
- iii. An Equity contribution and/or financing (outside NJEIFP financing sources) by the borrowers for the unallowable costs of the project and for allowable costs which exceed the financial assistance provided through Traditional or Principal Forgiveness Loans;
- iv. The funding source for those portions of loans subject to principal forgiveness is limited to the FFY 2011 clean water and drinking water state capitalization grant.
- v. Other Federal and State grant programs.

c. Barnegat Bay Principal Forgiveness Loans. A \$17 million reserve has been established for loans to storm water projects in the Barnegat Bay Watershed. Of the \$17 million reserve, \$1 million has been set aside for principal forgiveness loans for municipalities to purchase storm water maintenance equipment (such as vacuum trucks and street sweepers). Only those municipalities that do not own any storm water basins are eligible to compete for the \$1 million set aside for equipment purchases. All equipment purchases will be limited to a maximum principal forgiveness loan of up to \$250,000. In addition to the \$250,000 cap on equipment purchases, the DEP reserves the right to establish a maximum amount of principal forgiveness that any one project sponsor can receive for the implementation of a storm water best management practice so that no one project or entity receives a disproportionate share of the funds available through this initiative.

The DEP has allocated \$11 million of this reserve for 100% principal forgiveness loans for nutrient reduction projects. Loan eligibility for 100% principal forgiveness loans will be awarded to the highest ranked non-equipment projects in ranked order until \$11 million of the Reserve is depleted. Upon depletion of the \$11 million reserve, 25% principal forgiveness loans will be available to the remaining highest ranked non-equipment projects in ranked order through the following loan structure: 25% DEP principal forgiveness, 50% DEP zero interest, and 25% Trust market rate. The DEP is allocating the final \$1 million for equipment purchases. All equipment purchases will be limited to a maximum principal forgiveness loan of up to \$250,000.

Sources of Funds – Barnegat Bay Principal Forgiveness Loans in FY2012 may be a combination of the five sources listed below:

- i. A Fund loan at zero-interest for up to 100% of the allowable cost, subject to forgiveness by the DEP of the principal repayment obligation up to 100% of the overall Fund loan (exclusive of fees), such forgiveness being expected to occur within the first year of the making of the Fund loan and upon satisfaction of certain conditions precedent;
- ii. The source of funds for Traditional Loans set forth in Section a. above for allowable costs not principally forgiven;
- iii. An Equity contribution and/or financing (outside NJEIFP financing sources) by the borrowers for the unallowable costs of the project and for allowable costs which exceed the financial assistance provided through Traditional or Principal Forgiveness Loans;

- iv. The funding source for those portions of loans subject to principal forgiveness is limited to the FFY 2010 clean water capitalization grant.
- v. Other Federal and State grant programs.

In addition to low interest rates, Trust loans eliminate the need for borrowers to obtain bond insurance, manage arbitrage responsibilities, and reduce many other ancillary borrowing costs. The FY2012 Financing Program also permits level debt service payments, allow borrowers to capitalize interest and implement net funding of the project.

**Table 1. CWSRF and DWSRF Funding Histories.** The following table indicates New Jersey’s historical share of CWSRF and DWSRF funds. Starting in 1999, the DEP initiated, in accordance with the provisions of the Federal Safe Drinking Water Act, the transfer of funds from the repayments of loans issued under the Clean Water Program to the Drinking Water SRF Program. These figures are listed on the following table in the fourth column. It is possible that an amount up to \$6.0 million may be transferred in the FY2012 Financing Program.

<b>Federal Fiscal Year</b>	<b>Clean Water Capitalization Grant Amount (in millions)</b>	<b>Drinking Water Capitalization Grant Amount (in millions)</b>	<b>Clean Water SRF Funds Transferred to the Drinking Water SRF (in millions)</b>
1988	\$70	N/A	
1989	65	N/A	
1990	69	N/A	
1991	84	N/A	
1992	79	N/A	
1993	78	N/A	
1994	49	N/A	
1995	50	N/A	
1996	82	N/A	
1997	25	28	
1998	59	17	
1999	55	18	9
2000	55	19	11
2001	55	19	12
2002	54	18	6
2003	54	18	6
2004	54	19	6
2005	44	19	6
2006	36	18	6
2007	51	18	6
2008	28	18	0
2009	18	18	0
2009 ARRA	63	43	0
2010	83	29	0
2011 (FY2012)	est. 61	est. 19.5	
<b>TOTAL</b>	<b>\$1,421</b>	<b>\$338.5</b>	<b>\$68</b>

USEPA policies and requirements have been evolving as the federal CWSRF program has matured. Since New Jersey has already negotiated and executed twenty-three CWSRF Capitalization Grant Agreements with USEPA, any non-substantive changes in policies or requirements can easily be addressed by amendments to the operating agreement (OA) for the Clean Water Program. New Jersey has already negotiated and executed twelve DWSRF Capitalization Grant Agreements with USEPA. Similarly, any non-substantive changes in policies or requirements can easily be addressed by amendments to the OA for the Drinking Water Program. The DWSRF OA and CWSRF OA were recently amended to include the requirement that New Jersey has agreed to conduct a single program joint audit for the DEP and the Trust annually.

## **2. Loan Structure Detail**

a. Trust and Fund Loan Components. The interest rate charged for FY2012 Traditional Project loans is a blended rate from the Trust Loan and Fund Loan components.

- i. For projects eligible to receive Barnegat Bay 100% principal forgiveness loans, the Fund loan component will be zero interest for one hundred percent (100%) of the allowable cost of each project and up to one hundred percent (100%) of the allowable project will be subject to principal forgiveness. That portion of a project's cost for which principal forgiveness is unavailable, will be funded with a seventy five percent (75%) zero interest Fund Loan component and twenty five percent (25%) market rate Trust Loan component.
- ii. For projects eligible to receive Barnegat Bay 25% principal forgiveness loans, the total loan will consist of a seventy-five percent (75%) fund loan component as follows: twenty-five percent (25%) principal forgiveness loan and fifty percent (50%) zero interest loan. The remaining twenty-five percent (25%) of the total loan will consist of a Trust market rate loan.
- iii. For projects other than those eligible to receive Barnegat Bay principal forgiveness loans, the Trust loan will generally finance 25% of the allowable cost of each project. The interest rate on this loan is primarily comprised of the rate on the Trust revenue bonds sold to finance the loans to NJEIFP participants. The Trust is currently rated AAA by the three national rating agencies. During construction, investment income on the reserve fund, if any, supplements optional capitalized interest funded from bond proceeds. For the rest of the not-to-exceed twenty-year life of the Trust bonds and for those NJEIFP participants who do not capitalize interest, reserve fund earnings, if any, are used as a credit to the program participants' debt service obligations to the Trust. The Fund will issue a loan at zero interest for up to 50% or 75% of the allowable cost of each project.

b. Direct Loans. In accordance with the adopted Trust Policy, the Trust may determine that for some small borrowers it may be advantageous to issue a direct loan as compared to a bond financed loan. The Fund portion of the loan would continue to be financed through the same mechanism as the regular Fund loans. The Trust loan would be the same as the regular Trust loan, except for the source of funds and a possible shorter loan repayment period. The funding for the Trust loans will come from earnings on funds held in reserve or from other accounts available for such purposes. The Fund loan will be at 0% interest. The interest rate on the Trust loan will be calculated based on the market conditions on the date of the direct loan closing compared to the interest rate and market conditions associated with the Trust's most recent tax-exempt bond sale.

c. Interim Financing Loans. Each year there are projects that are ready to proceed with construction prior to the issuance of the Trust Bonds. In order to move forward with such projects, the participant must procure financing for the period between pre-award approval and the Traditional Financing Program loan closing. Pre-award approval is given by the Department upon its receipt of executed construction documents subsequent to

issuance of an authorization to award. In 2002, the Trust's enabling legislation was amended authorizing the Trust to establish an Interim Financing Program as another source of short-term financing available to participants for pre-award projects. Interim loans are taken at the option of the participant provided all of the following conditions are met:

- i. The project sponsor has received preaward approval and project certification from the DEP and the Trust;
- ii. The project is in the fundable range for the current year's funding cycle given the availability of Trust and Fund funds for loans;
- iii. Funds are available in the Trust's Interim Financing Program account; and
- iv. The project sponsor enters into the requisite interim loan documentation with the Trust.

The project sponsor is limited to one Interim loan per project scope and interim loans will be made on a readiness to proceed basis until the funds available for interim loan awards are exhausted. The interim loans are intended to cover expenses incurred or to be incurred prior to closing on the long-term loan.

The loan is required to be repaid on the day of closing of the long-term loan, even if, for some reason, the borrower has failed to meet the requirements for the long-term loan and is not included in the pooled financing. The Interim Loan will be paid in one of two ways; 1) if the borrower is in the Traditional Financing Program, the loan will be repaid from funds made available from both the Trust and Fund loans; or 2) if the borrower has failed to meet the Traditional Financing Program requirements, the borrower must find another source to repay the interim loan.

The loans will be subject to an interest rate determined by the Trust Board. The interest rate for an interim loan issued to a local government unit in 2010 was zero percent and a 2% interest rate Interim Loan to a public water utility, any other private person, or a local government unit on behalf of any private entity. At that time the Trust did not charge a fee for the Interim Loan, provided the borrower had secured long-term loan approvals in the then current year Financing Program. If for some reason the borrower failed to close on a regular loan, the Trust would have imposed a loan surcharge of up to 0.004 times the principal amount of the Interim Loan. Said loan surcharge would be due and payable along with the loan repayment.

The FY2012 IFP Board Policy authorizes a 0% interest rate Interim Loan to government entities and 2% interest rate Interim Loan to public water utilities, any other private persons, or local government units on behalf of any private entity. Moreover, commencing in 2008, the IFP Board Policy permits the Trust to fund Interim Loans through a line of credit in the event NJEIFP reserves are committed to project loans. The line of credit will be procured in compliance with State procurement laws.

The Comprehensive Priority Lists in Appendices C and D of this report represent an updated IFP Eligibility List for both Clean Water and Drinking Water Projects.

d. Miscellaneous Provisions Pertaining to all FY 2012 Financing Program Loans.

- The Trust will finance up to 100% of the cost of reserve capacity. However, in support of the Smart Growth and Green Project Initiatives, the DEP may issue a zero interest loan for a portion of the reserve capacity depending upon the type and location of the project. The Trust will finance the balance.
- A borrower may issue its own bonds to finance unallowable costs, or may finance these costs from other funds.
- A borrower may apply for a supplemental loan for the project to cover allowable increased project costs.

- Trust bonds prior to 2007 were secured by a debt service reserve fund of approximately 10% of the issue size. The Trust's Debt Service Reserve Fund was generally funded from a portion of the required state match (20% of the federal grant), General obligation Bond proceeds and project loan repayments. In 2007 and 2008, the Trust utilized these funds for project loans while maintaining its natural AAA credit rating. This practice will be continued in FY2012, to the extent permitted by the rating agencies, for local government unit borrowers.

### 3. **Funding Enhancements**

a. Lower Cost Financing. All new projects (including second chance projects) approved in the FFY2011/FY2012 Financing Program that would normally be financed through the traditional loan package (with 50% of the allowable project costs financed through the DEP's interest free loan) will be financed at a lower cost than initially proposed. The Program will modify the blending of the DEP's interest-free loan and the Trust's market-rate loan so that the DEP's portion is increased from 50% to 75% of the allowable project costs for projects that would otherwise receive the traditional loan package. This change does not apply to projects that qualify for principal forgiveness and some of those that receive supplemental loans. Additional information regarding the details of the project eligibility is set forth in the January 2011 Project Priority List set forth at [www.njeit.org/publications.htm](http://www.njeit.org/publications.htm).

b. Barnegat Bay Initiative. To support the Governor's initiatives, the DEP has established a reserve for capital improvement storm water projects designed to remove pollutants that adversely impact the Barnegat Bay. The source of the monies being utilized to finance projects from the reserve fund is the FFY2010 CWSRF capitalization grant. For the FFY2011/FY2012 Program, the DEP has allocated \$17 million to provide loans with principal forgiveness for up to 100% of the allowable project costs, subject to certain limitations in the approved appropriations bill or other factors. Projects eligible for financing from the reserve are those sponsored by a government unit in the Barnegat Bay Watershed.

c. Green Project Reserve. The FY 2012 Financing Program will include a Green Project Reserve (GPR) equal to a minimum of 20 percent of the State's FFY2011 allocation if the FFY2011 Appropriation to the CWSRF and DWSRF Program includes language requiring such action. In the event insufficient applications are approved utilizing the GPR, the DEP may use residual GPR funds to finance other clean water projects in the FFY2011/FY2012 Program. Green Projects are clean water and drinking water projects that implement green infrastructure, water or energy efficiency improvements (including projects that are designed to reduce greenhouse gas emissions). Green infrastructure includes such practices as replacing existing pavement with porous pavement, bioretention, green roofs and other practices that mimic natural hydrology and reduce effective imperviousness, provided, however, that renewable energy improvements and/or any other type of Green Project, including, without limitation, a solar panel project or a wind turbine project, shall be eligible for financing through the Financing Program as a Green Project only to the extent that such project is physically located at the site of, and serves primarily to meet the energy consumption or other infrastructure improvement needs of, (i) a wastewater or treatment plant or sanitary sewer pump station and/or (ii) a drinking water treatment plant.

(Clean Water Projects Only). The FFY2011 Priority System continues a separate classification for projects where a government unit serves as the applicant on behalf of a private entity for a remediation or redevelopment project to statutorily qualify for NJEIFP loans and where the loan is guaranteed by other than the government unit

sponsor.<sup>7</sup> The FFY2011 Priority System document continues the reserve dedicated solely to these projects. The DEP has allocated \$30 million in Fund loans as the "Brownfield Set-Aside" for the FY 2012 Financing Program. It is estimated that total loans for Brownfield Set-Aside projects are anticipated to be between \$45 million and \$60 million.

Project priority will be determined in accordance with the ranking methodology included in this document and the set-aside funds will be allocated based on the project's rank, the sponsor's ability to meet program requirements and the amount of funds available for these purposes. In cases where the available Fund loan does not cover 50 or 75 percent of the allowable project costs, the Trust may finance the remaining allowable costs, which may exceed their traditional 25 or 50 percent contribution. Financing above and beyond the amount set-aside for such projects will be considered if monies are available after the need for funding of higher ranking projects during the funding cycle has been satisfied. Conversely, if there are unexpended funds in the set-aside due to insufficient demand for brownfield remediation loans in the FY2012 Financing Program, those funds may be used to finance projects listed on the Priority List that may otherwise not receive financing in the FY 2012 Program

The DEP is also continuing the practice of setting a \$25 million per project limit on the amount of Fund monies that any conduit borrower/private entity project can receive in the FY 2012 program. Previously-financed conduit borrowers will not be eligible for supplemental fund loans from the DEP to cover unanticipated cost increases due to bid receipt, differing site conditions, change orders or other circumstances.

e. Small Systems Set Aside. (Drinking Water Projects only) The Federal SDWA amendments of 1996 established a goal for states to provide at least 15 percent of all funds credited to the DWSRF project account to provide loan assistance to systems serving fewer than 10,000 persons (Small Systems). Therefore, 15 percent of the DWSRF fund will be reserved to provide financing for small systems serving fewer than 10,000 residents. However, if Small System projects do not exhaust the 15 percent reserve, the remaining funds would be utilized for other eligible projects, in priority order, that have met program requirements.

#### **4. Loan Term**

NJEIFP loans are normally for a 20-year period, although a borrower may elect a shorter repayment term. Participants have the option to capitalize interest during construction for up to three years. Repayment of principal begins no later than the fourth year for both Trust and Fund loans. Debt service payments on the Trust loan pays debt service on the Trust bonds. Debt service payments on the Fund loan are repayments of principal only, since the Fund loan is at a zero interest rate. After providing security for Trust revenue bonds for a period of approximately one year, the Fund loan repayments will be made available to future NJEIFP participants to finance additional environmental infrastructure projects and will be matched by the Trust through new leveraged bond issues.

#### **D. OTHER PROGRAM LOANS**

1. **The Trust Planning and Design Loan Program.** The Planning and Design Financing Program (Planning Loan Program) is a new program providing low interest loans to finance the cost of environmental planning documents and engineering design services for environmental infrastructure projects to local government units and

---

<sup>7</sup> In cases where a local government unit that sponsors a project on behalf of a private entity and commits to providing a general obligation pledge (including its unlimited taxing power or municipal guarantee) as security for the DEP and Trust loans, the project is considered exempt from the conduit financing classification.

public water utilities (Eligible Borrower), as those terms are defined in N.J.S.A. 58:11B-3, with the intent of stimulating the implementation of environmental infrastructure projects. The loans are structured as temporary financing for preliminary project activities with the expectation that the environmental infrastructure projects will secure long-term financing through the NJEIFP.

Each year project sponsors incur engineering costs in preparation of preliminary project costs such as environmental planning and engineering design. Under the FY2012 Financing Program, such costs are reimbursable through an interim financing loan. Sponsors are required to finance the preliminary costs until interim financing loan closing. In 2009, the Trust's enabling legislation was amended to authorize the Trust to establish a Planning and Design Loan Program as another source of short-term financing available to participants anticipated to seek long-term financing. The following are prerequisites to receipt of a planning loan:

- (1) The DEP has determined the project activity to constitute an environmental infrastructure project capable of funding under either the Clean Water or Drinking Water Program state revolving fund.
- (2) The loan amount shall not exceed \$500,000 per principal amount per project;
- (3) The loan matures on or before the date of issuance by the Trust of its final Trust bond issuance that shall close at any time during State Fiscal Year 2011;
- (4) Funds are available in the Trust's Planning and Design Financing Program account; and
- (5) The project sponsor enters into the requisite interim loan documentation with the Trust.

Planning loans will be made until the dedicated to planning loan awards are exhausted. Funding shall be prioritized based on the order of approved loan applications.

The Planning Loan is required to be repaid on the day of closing of the regular loan or before the date of issuance by the Trust of its final Trust bond issuance that shall close at any time during State Fiscal Year 2011. The Planning Loan will be paid in one of two ways; 1) if the borrower is in the FY2012 Financing Program, the loan will be repaid from funds made available from both the Trust and Fund loans; or 2) if the borrower has failed to meet the FY2012 Financing Program requirements, the borrower must find another source to repay the interim loan.

The loans are subject to interest rates determined by the Trust Board. Planning loans issued in State Fiscal Year 2011 to local government units and those public water utilities serving fewer than 10,000 residents will be subject to an annual interest rate of 0%; and Planning Loans to all other eligible borrowers will be subject to an annual interest rate of 2%. The Trust does not anticipate charging a fee for the Planning Loan, provided the borrower is a participant in the FY2012 Financing Program. If for some reason the borrower fails to close on a regular loan during this period, the Trust will impose a loan surcharge of up to 0.004 times the principal amount of the Planning Loan. Said loan surcharge would be due and payable along with the loan repayment.

2. **Trust/Fund/Green Acres Financing Program.** Since 2001, this Financing Program has financed open space land acquisition projects. The land purchases financed must help to protect or maintain ground or surface water quality in the project areas. Water quality related restrictions are placed on the use of parcels purchased with Clean Water SRF funds.

- Projects certified under this financing program generally receive a grant from the Green Acres Program for a portion of the allowable cost and up to a twenty-year loan from the Trust/Fund for the remaining allowable cost.
- Participants may issue their own bonds to finance the unallowable costs of the project and allowable costs which exceed the Trust/Fund/Green Acres 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 NJEIFP.
- Participants may apply for a supplemental Trust/Fund loan to cover increased allowable project cost not covered by the original Trust/Fund loan or Green Acres financing.
- If a portion of a property does not conform to the NJEIFP's allowable uses, NJEIFP financing will be utilized to fund the portion of the property that is eligible.
- Like other NJEIFP funded projects, financing may be secured for project administration (up to 3% of land costs) and/or taking an allowance for planning and design (generally 10 to 15% of land costs).
- The Trust Interim Financing Program is also available for these projects.

3. **The Trust/Pinelands Financing Program.** Established by the Pinelands Infrastructure Trust Bond Act of 1985, this program provides funding for infrastructure projects needed to accommodate existing and future needs in the 23 designated Pinelands Regional Growth Areas. Funding is available for the construction of new collection systems, interceptors, and the expansion/upgrading of wastewater treatment facilities. Water supply projects are also authorized in the existing Bond Act, however none have been financed. Unfortunately, the funds from the Bond Act have been exhausted.

When additional funds become available, Pinelands/Trust financing for environmental infrastructure projects would come from the following sources:

- Projects certified under this program generally receive a grant for up to 40% of the allowable cost and a twenty-year, half market rate loan for up to 20% of the allowable cost. Projects are funded by the DEP from the Pinelands Infrastructure Trust Bond Act of 1985.
- The Trust loan will represent approximately 40% of the remaining cost of the allowable project. However, if the Pinelands grant/loan is not sufficient to cover 60% of the allowable cost, the Trust loan will be increased to cover the balance not covered by the Pinelands grant/loan. The interest rate on this loan is the rate on the Trust revenue bonds sold to finance the loans to the program participants. Pinelands participants are required to authorize the Trust to bond for the debt service reserve fund amount associated with the Trust loan.
- A participant may issue their own bonds to finance the unallowable costs of the project and allowable costs which exceed the Trust/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 Financing Program.
- Only those eligible costs not funded through the Pinelands Program may be financed under a Trust loan.
- A participant may apply for a supplemental Trust loan to cover increased allowable project costs and may be eligible (limited to no more than 10 percent of the amount originally allocated to the projects) for receipt of additional monies through the Pinelands Program, if funds are available.

The loans are normally for a 20-year period, although a borrower may elect a shorter repayment term. The Trust loan permits participants to capitalize interest during construction for up to three years. Principal repayment begins no later than the fourth year for both Trust and Pinelands loans. Debt service payments on the Trust loan go to pay debt service on the Trust bonds. Debt service payments on the Pinelands loan are for both principal and interest. The Pinelands loan repayments will be made available to future financing program participants to finance additional projects. These funds may be matched by the Trust through new leveraged bond issues.

There are no Pinelands Projects participating in the FY2012 Financing Program.

## E. OTHER PROGRAMS UNDER CONSIDERATION

**The Trust Emergency Loan Program.** In 2008, the NJEIT's enabling legislation was amended to provide for Trust only Emergency Loans the source of which is Trust accounts, such as interest earnings. Such loans would be issued for eligible environmental infrastructure projects and limited to \$1.5 million per project. Due to concerns that emergency repairs arise from inadequately maintained infrastructure, the Trust has refrained from implementing the Emergency Loan Program. Rather it is assessing the feasibility of requiring asset management plans as a condition of such loans, recognizing that the development and adoption of asset management planning standards as well as implementation measures are necessary prerequisites.

**Onsite Wastewater Treatment and Disposal Loans.** Health hazards associated with failing septic systems continue to be a problem across New Jersey. These systems are small compared with infrastructure historically funded through the NJEIFP. However, collectively they can have a significant impact on the State's environment. As there is no current funding mechanism designed to meet the needs of small, individual borrowers (homeowners), the Trust is investigating the feasibility of implementing a program for septic system in light of limited Trust funds.

## F. BENEFITS OF PARTICIPATING IN THE FINANCING PROGRAM.

The NJEIFP enables participants to join together to finance their environmental infrastructure projects at a lower cost than if they financed their projects independently. The main cost savings are achieved by combining the zero-interest Fund loan and the market-rate, AAA rated Trust loan and savings arising from the reduction of the Trust loan debt service by the reserve fund income. In the case of a Pinelands and/or Green Acres financed project, the savings come from the combination of the Pinelands and or Green Acres grant/loan and the market-rate, AAA rated Trust loan. Moreover, with a combined issue, smaller or lower-rated borrowers have better access to the debt market. Finally, aggregating many project financings into one bond issue reduces financing costs for program participants. Participating in the NJEIFP has resulted in Borrower savings between 25% and 30% of the cost of debt service relative to borrowing on their own. In total, borrowers have saved in excess of \$1.9 billion since the NJEIFP's inception. The addition of loan discounts afforded green projects at 25 percent of market rate and principal forgiveness funds in FY2012 provides substantial additional savings for the limited number of high ranked borrowers qualifying borrowers.

## G. FINANCING PROJECTS THROUGH THE NJEIFP

The discussion that follows represents the current intentions for the loan agreements under the NJEIFP and is based upon loan agreements with general obligation borrowers, although the other agreement forms may be mentioned. Not all the differences among the various agreements are presented. Likewise, not every condition appearing in the various loan agreements is described. The Trust and the State reserve the right to include special items in individual loan agreements, conditions, and covenants unique to the circumstances of particular borrowers, when necessary even if not anticipated in this document. Additionally, Principal Forgiveness Loan agreements may contain additional representations and covenants that are not contained in the loan agreements with respect to the Traditional Loans.

1. **Program Objective.** As in the past, the goal of this year's NJEIFP is to provide subsidized financing to spur the construction of environmental infrastructure projects.

2. **The Trust and Fund Loans.** Each borrower enters into two loan agreements: one agreement with the Trust and one with the State, acting by and through the DEP, for the Fund or the Pinelands Program. These loan agreements have been drafted to reflect the differences between the security features for general obligation

borrowers, revenue borrowers and private water system borrowers. The principal terms and conditions are conformed among the versions and permit a generic description of the terms and conditions.

a. The Trust Loans. Historically, half of each project's estimated allowable costs are funded with a loan from the Trust. The Trust finances these loans by issuing its own revenue bonds and lending the proceeds to the program participants pursuant to draw schedules established by the participants. As described above, funding from the Trust in the FY2012 Financing Program for a large majority of projects will be 25% of each loan but may equal 50% for certain loans depending upon the nature, type and location of the project.

Each Trust bond issue is structured to allow for composite level debt service after the project construction period. Participants will be permitted a construction period and capitalized interest of up to three years, with principal repayments to commence in year four, or sooner if the projected construction period is shorter than three years, or if a participant desires to begin principal amortization earlier.

The Trust bonds are expected to net fund the project account to be established by the Trust bond resolution. The capitalized interest account will be either net funded or fully funded by the Trust bonds. The bonds are also expected to finance the underwriters' discount, any bond insurance premium, rating agency fees and a loan surcharge of up to 0.1% of the issue size for other costs of issuance and the State fee. The Trust bonds will also fund the allocable share of the Debt Service Reserve Fund for reserve capacity borrowers, Pinelands/Green Acres borrowers and private drinking water system borrowers. Final maturity of the bonds will not exceed 20 years.

The Trust Loans are structured to match the Trust bonds. The rate on the loan to each program participant includes the interest rate on the Trust bonds. The aggregate of the debt service schedules of all of the participants loans also cover the debt service schedule on the Trust bonds.

Trust bonds are ultimately secured by a general obligation pledge from each municipal borrower to levy and collect taxes to pay debt service. Authority borrowers are expected to have deficiency agreements in place with their underlying municipalities, backed by general obligation pledges from those underlying municipalities. If such deficiency agreements can not be obtained, the bonds issued to the Trust by the Authorities are expected to have at least an investment grade rating (which may be a shadow rating) and may be required to be supported by some form of credit enhancement, unless these loans fall into a de minimis size or other related exception. In the case of private drinking water systems, loans will be secured by collateral, which may include letters of credit, water system mortgages and/or guaranties of owners or operators or any other collateral that the Trust may deem appropriate.

The Trust bonds are also secured by the intercept of State-aid payable to all municipal participants and the municipalities underlying those Authority participants that have executed deficiency agreements with such underlying municipalities. If a participant fails to make timely debt service payments to the Trust, the Fund Loan repayments from this year and prior years will be available; the State-aid intercept mechanism authorized in the Trust's enabling statute may be triggered and State-aid may be diverted from the participant, or an underlying municipality of the participant, to the bond trustee to pay debt service to the bondholders.

b. The Fund Loans. The FY2012 Financing Program Fund Loan (a.k.a. State loan component) will be issued at a zero interest rate. Participants will begin repaying the principal on their Traditional Fund Loans coincident with the initiation of debt service payments on the Trust Loans. Unless changed due to specific project circumstances, annual repayments of Fund Loan principal are designed to be level for the duration of the loans when combined with the Trust principal and interest repayments.

The State loan component for Traditional Project Loans will comprise 75% of the total loan for most loans.

Supplemental loans are structured consistent with that of the original project loan. The Principal Forgiveness Loan (a.k.a. State loan component), will also be issued at a zero interest rate. The State has set aside \$17 million in prior capitalization grants for principal forgiveness loans to eligible storm water improvements projects in the Barnegat Bay Watershed. The State Loan component for these projects will be up to 100% of the total loan, some or all of which is subject to principal forgiveness. In the event the State issues principal forgiveness loans for other projects, a portion of the State loan component, equal to 30% percent of the total loan for a given borrower (i.e., up to \$2 million, may be subject to principal forgiveness, excluding certain very small drinking water systems. The State loan component for Principal Forgiveness Project Loans to very small water system will comprise 75% of the total loan.

Participants will begin repaying the remaining principal on their Fund Loans coincident with the initiation of debt service payments on the Trust Loans. Unless changed due to specific project circumstances, annual repayments of Fund Loan principal are designed to be level for the duration of the loans when combined with the Trust principal and interest repayments.

The Funds are set up as revolving loan funds. As the Fund Loans are repaid, the money is held for approximately one year by the Master Program Trustee to provide security for Trust bonds designated to benefit from this security. Thereafter, the money is transferred back to the State and made available for originating new loans to participants in future financing cycles.

c. Fees

i. **The Fund Loan Origination Fee.** It is anticipated that the FY2012 Appropriation Act will require the DEP to assess an annual administrative fee and provide monies to the State Treasury to help offset the cost of NJEIFP administration. The DEP received legislative approval in June 2005 to institute a 2 percent loan origination fee to fund the annual fee requirement. This origination fee was based on a five-year program cost evaluation. This evaluation will be conducted annually to ensure NJEIFP funding is adequate. This fee will be assessed on the total loan amount regardless of any amounts subject to principal forgiveness. Generally, 1% of this fee is financed as part of each borrower's Trust Loan and 1% is collected as a post-closing administrative fee via eight equal semiannual installments.

Any fees collected above the amount necessary to fund the NJEIFP will be held by the Trust in a separate account. Interest earned on this account will be applied toward NJEIFP administrative costs. Specifically, funds from the account will be disbursed to Treasury every year to meet the anticipated State revenue established under the Annual Appropriations Act. If the fees collected are insufficient to fund the program, the DEP will request that the shortfall amount be appropriated from the special account. (Note: Monies collected through the DEP Fee can only be used for NJEIFP administrative costs.)

ii. **Trust Loan Origination Fee.** The Trust Loan is typically one-half of the total loan or one-fourth of the total loan for if a smart growth project. A Trust Loan origination fee of 0.01 percent may be applied to the Trust loan to fund the costs of issuance associated with the bond sale. This fee is generally financed as part of each borrower's Trust Loan.

iii. **The Trust Annual Administrative Fee.** The Trust will charge participants an annual administrative fee payable semiannually commencing early 2011 and ending with the final loan payment. The amount may not exceed 0.3% of the initial principal amount of the Trust loan.

iv. **Security Research Fee.** The Trust may charge non-governmental participants for any expenses incurred by or on behalf of the Trust in connection with the evaluation of the acceptability of any collateral

provided as security for the Trust and Fund loans, regardless of whether the loan is actually closed. The Trust will not incur such expense without the prior notification to the potential borrower.

### 3. **Borrower Eligibility.**

A municipal borrower must be a municipal corporation established under the laws of New Jersey. Local, regional and State authorities must be constituted as public bodies corporate and politic, with corporate succession. Private drinking water systems must be corporations or other entities duly organized and existing under or authorized to transact business under the corporation or other applicable laws of New Jersey. Each borrower must have made a timely application to, and received approval from, the Trust and the DEP (for the Fund or Pinelands Program). The municipal and authority NJEIFP participants must issue a bond to secure the Trust Loan and a bond to the State to secure either the Fund Loan or the Pinelands Loan. Participants must agree to complete the project and perform under the specific terms and covenants of the loan agreements. Each of the loan agreements will cite the source of funds for the loan. In the case of private drinking water systems, collateral issued to secure the Trust and Fund Loans (which may include bonds, particularly in the case of larger private drinking water systems) must be approved by both the Trust and the State.

### 4. **Financing Schedule Overview**

a. **Financial Addendum.** Each borrower is required to complete a Financial Addendum form by the submission deadline, which is expected to be in November, 2011 to demonstrate a project sponsor's commitment to proceed with project financing. A single Financial Addendum is required to request financing for a Traditional or Principal Forgiveness project loan for either a clean water or drinking water project. Two financial addenda must be submitted if both clean water and drinking water project loans are sought. This submission is in addition to the State loan application typically due in March of each year. While the actual requirements typically vary by type of applicant (municipal, authority or public water utility), applicant obligations generally include but are not limited to completion of a financial addendum form, passage of an authorizing resolution, reimbursement resolution and bond resolution.

b. **Local Finance Board/Board of Public Utilities Approval.** Each Project must secure approval from the Local Finance Board or Board of Public Utilities, as applicable, as a statutory requirement of the Financing Program (other than private entities which are not subject to NJBPU jurisdiction).

c. **Project Certification.** For a project to receive NJEIFP financing, the DEP must certify to the Trust that all planning and design requirements have been completed in accordance with the Financing Program Rules; all of the environmental issues have been adequately addressed; all of the required permits for the project have been obtained, **an authorization to award has been issued and the DEP has received executed construction contracts.** Following the DEP's certification, the Chairman or Vice Chairman of the Trust, on behalf of the Trust, will certify the projects. In so doing, the Chairman or Vice Chairman may conclusively rely on the project review conducted by the DEP without any independent review by the Trust.

d. **Escrow Closing.** Upon issuance of project certification, and when the borrower has all the necessary ordinances, resolutions, authorizations and necessary financial covenants in place, the Trust conducts an escrow closing for each participant.

e. **Bond Issue.** Subsequent to escrow closing, the Trust will schedule its bond sale. Both the Trust's enabling legislation and the Annual Debt Management Plan require that the Trust's bonds be sold on a competitive basis.

f. Loan Closing. Typically within two weeks of bond sale, the Trust will conduct loan closings with the borrowers.

## 5. The Trust Financing Detail

a. The Trust Bonds. The Trust currently intends to issue one or more series of bonds for governmental borrowers participating in the FY2012 Financing Program. These series will be secured by the availability of Fund loan repayments from the FY2012 Financing Program and from certain prior bond issues and local unit bonds which are, in turn, secured by one or more of the following: project operating revenues, *ad valorem* taxes, deficiency agreements or credit enhancements covering such local unit bonds. All series of Trust bonds will also be secured by the State aid intercept to the extent each such series is secured by local unit bonds of municipalities or counties, or authorities that have entered into deficiency agreements with underlying municipalities.

The Trust may also, depending upon the borrowers' characteristics, issue a series of alternative minimum tax (AMT) bonds for the private drinking water systems or other projects with a significant private use component in this year's financing. In past years, the Trust has funded a separate series of AMT bonds for clean water projects and may do so again depending on the responses received from borrowers in their financial addenda. If clean water AMT bonds and drinking water AMT bonds are necessitated by the operational and financial structure of certain borrowers, the Trust will attempt to combine the AMT bonds in a single series of Trust bonds, to the extent practicable and allowed under the Clean Water Act and the Safe Drinking Water Act and other applicable law. Through the issuance of AMT bonds, the Trust retains the flexibility to finance certain kinds of projects involving private use, private payments or private loans in excess of Federal income tax standards available for the more traditional type of Trust financing. Drinking water loans may be secured by letters of credit, mortgages on drinking water facilities, personal guaranties of system owners or operators, special reserves and/or other available security required by the Trust to ensure repayment.

A taxable series of bonds may also be issued, such as in situations where some projects have non-governmental relationships beyond allowable limits set by Federal income tax law. Any series of taxable or AMT bonds will have the same security features as any other series of Trust bonds or, in the case of private drinking water systems, collateral acceptable to the Trust and the DEP.

The Trust will consider various alternative structural features with respect to its bonds to be issued for the purpose of funding Trust loans for borrowers participating in the FY2012 Financing Program to the extent such structural features will serve the best interests of the NJEIFP and will provide additional savings for such borrowers.

The Trust will consider all such new structural features, permissible pursuant to state and federal law, to the extent that such new structural features will serve the best intent of the NJEIFP and will provide additional savings for borrowers.

Each series of bonds will fund a pool of loans. Participants will be assigned to a loan pool based upon their individual credit characteristics, effect on coverage, the terms and conditions of their own outstanding bond documents and the following considerations:

- *Trust bond ratings.* Because of the cash flow structure of the Financing Program, most participants will be placed in a single uninsured pool for which the Trust anticipates AAA/AAA/Aaa ratings from Fitch, Standard & Poor's and Moody's, respectively.

- *The Trust's need to minimize transaction costs.* Assigning participants to various pools can minimize the complexity and cost of the bond issue.
- *Participants' need for insurance or other credit enhancement.* Some participants may be required to insure or obtain other credit enhancement with respect to the bonds they sell to the Trust. This may include participants who do not have an investment grade rating of their own, who cannot obtain deficiency agreements, who have certain restrictions in their existing bond documents, or who are required to issue junior lien debt. At times, the Trust may request a waiver by the State Treasurer of the state's credit worthiness standards for a specific borrower.
- *Federal tax law considerations.* AMT bonds, taxable bonds and varying construction draw schedules among participants may make it beneficial to pool certain participants together in order to comply with federal tax law.
- *State law limitations.* Restrictions in certain State general obligation bond acts preclude the use of certain bond act moneys as security for private borrowers.

Based primarily on the above considerations, the Trust will decide on the number of and the participants for each bond series to be issued when the final list for this year's Financing Program is established.

b. Escrow Closing. Upon the Trust's and DEP's issuance of project certification, and when this is accomplished, and the borrower has all the necessary ordinances, resolutions, authorizations and necessary financial covenants in place, the Trust conducts an escrow closing for each participant. This closing is a full financial closing (i.e., loan agreements executed, bonds issued, and approved collateral pledged in escrow) without the benefit of the bond sale. These documents are held in escrow until after bond sale and all conditions precedent to final closing have been met. At that time, the documents are released from escrow and final closing takes place.

This process assures, to the greatest extent possible, that the competitive bond sale and the closing can go forward as planned. Escrow is estimated to commence in March, 2012. (see schedule herein).

c. Competitive Sale of Trust Bonds. Subsequent to escrow closing, the Trust will schedule its respective bond sales. Both the Trust's enabling legislation and the Annual Debt Management Plan require that the Trust's bonds be sold on a competitive basis. The Trust's enabling legislation allows the Trust to publish a summary of the Notice of Sale once in three New Jersey newspapers and once in a recognized bond publication. The bonds will be awarded on the basis of the lowest true interest cost bid. In the past, several underwriting syndicates have bid on the bonds and it is expected that several will do so again this year. The Trust will again give bidders the option of submitting their bids electronically for its Series 2012 bond issues.

The Trust has provided underwriting syndicates with the option to include term bond(s) with sinking fund installments in their bids. Under certain market conditions, the use of term bonds in place of serial bonds will result in lower financing costs for the participants. The Trust, depending on market conditions at the time of the publication of the Notice of Sale, will permit underwriting syndicates to increase the amount of original issue discount which they may include in the bids.

Generally, however, bidders must specify a purchase price which equals or exceeds 98% of the initial aggregate purchase price of the bonds. Given current conditions, a premium bid, e.g., one in which the purchase price exceeds 100% of the initial price, is also a possible outcome of the bidder. Both the use of term bond(s) and a larger original issue discount will provide underwriting syndicates increased flexibility which may result in a lower true interest

cost for the Trust's bonds. The Trust reserves the right to issue premium bonds to the extent market anomalies would dictate their use or to satisfy authorization or other limitations.

The Trust will utilize a streamlined procedure for its investment of bond proceeds by establishing, prior to the bond sale, either the portfolio of securities or a flexible repurchase agreement to be bid on. The Trust may also choose to invest its Construction Fund in a collateralized guaranteed investment contract. Since the investment earnings are taken into account in sizing the bond issues, the investments must be calculated on the day of bond sale. The effect of this procedure allows for a much quicker award of the Trust bonds to the successful underwriters. This reduction in award time results in a higher rate of return on Trust investments. Trust may also determine to accept investment bids on an electronic basis.

d. Disclosure. Program participants are expected to provide, through completion of the Financial Addendum Form and certification of the data's accuracy, information necessary for disclosure in the Trust's Official Statements. Full disclosure will be required for pool participants whose debt service payments make up 10% or more of the total cash flow of the combined pools. Reduced disclosure will be required from the balance of the participants.

e. Secondary Market Disclosure. Rule 15c2-12 of the Securities and Exchange Commission requires that certain issuers provide information on an ongoing basis for use in the secondary bond market. The Trust has developed a policy consistent with Rule 15c2-12 that will place responsibility on the borrowers to provide ongoing information. Based on the policy as set forth below, very few borrowers will be required to provide ongoing secondary disclosure.

Those Borrowers (for any particular Financing Program) whose remaining Fund Loan repayments in all Coverage Providing Financing Programs, when aggregated with their remaining Trust Loan repayments for any such particular Financing Program, if any, exceed ten percent (10%) of the sum of:

i. the aggregate of all remaining Fund Loan repayments from all Borrowers in all Coverage Providing Financing Programs, and

ii. the aggregate of all remaining Trust Loan repayments in any such particular Financing Program from all Borrowers, shall be considered material "obligated persons" within the meaning and for the purposes of Rule 15c2-12. To the extent any such material "obligated person" Borrowers have entered into Borrower Service Agreements with Participants and if any such Participants have entered into Indirect Borrower Service Agreements with Indirect Participants whereby Annual Charges or Indirect Annual Charges, as the case may be, materially secure such Loan payments of any such Borrower, any such Participants and Indirect Participants shall also be considered material "obligated persons" within the meaning and for the purposes of Rule 15c2-12 for the Series 1995 and subsequent Financing Programs.

Under certain commentary promulgated by the SEC pursuant to Rule 15c2-12, the Financing Programs that provide coverage appear to be considered materially "obligated persons" under the Rule. Accordingly, the Trust will make the appropriate secondary market disclosures on these Financing Programs in the 2012 Financing Program as it has in the past programs commencing in 1995.

f. Underfunded or Overfunded Allowable Costs. Financing is based upon awarded contracts or the best estimate of project costs available at the time the loans are executed. If final bids are higher than the estimates, or if differing site conditions are encountered, the participant is eligible to return to the Financing Program for supplemental funding for the increased allowable costs, subject to certain IRS procedural requirements that must be followed. In the interim, the participant must be able to finance the extra costs before they are eligible to receive

their loan disbursements.

If final bids for a participating project are lower than the original awards, or if final building costs are lower than the allowable costs based on the low bid building cost, a surplus of monies may exist. In the case of a Trust Loan, this money is expected to be used to make debt service payments on the participant's Trust Loan. These Trust monies may also be available to fund cost increases due to differing site conditions, certain other project costs or for allowable reserve capacity costs, subject to approval by the Trust. In the case of a Fund Loan or Pinelands and/or Green Acres Grant/Loan, this surplus will be deobligated via an amended debt service schedule eliminating payments starting from the back end (year 20) and moving forward until the deobligated amount is realized.

g. Unallowable Costs. Project financing for the unallowable portion of project costs must come from the program participant, who may bond for this cost or pay for it out of other funds. For municipal or county borrowers, local financing must be available before they can receive their loans. This means that the municipal or county borrower must have either cash available or bond ordinances and Local Finance Board approvals (if required) authorizing the borrowing of the necessary funds. Authorities and private drinking water systems must have cash on hand or the equivalent thereof prior to any disbursement of their loans. The Trust has imposed these requirements to provide assurance that projects will be completed.

h. Program Bond Insurance. Rather than requiring certain program participants to insure their own loans, the Trust may purchase insurance for a pool of participants to help minimize transaction costs for these participants and to simplify program administration for the Trust. The Trust will evaluate the benefits of bond insurance for one or more bond series prior to the sale. The Trust may arrange for a participant to insure its own loan and may require the other participants in the same pool of loans to allocate the cost of the premium since all the participants would be benefited by the insured participant's resultant higher credit rating. Since the Trust received its programmatic AAA rating in 1995, separate insured pools are usually reserved for large borrowers whose lower rating could potentially adversely affect the Trust's AAA program rating.

i. Project Account Disbursements. Financing Program participants draw their funds for construction from two sources: one funded by the Trust bonds and the other funded by either (i) the Clean Water or Drinking Water Fund, (ii) the DEP under the Pinelands program, or (iii) State Bond proceeds. The project construction drawdown schedules are developed by the DEP, based upon the participants' own submissions, prior to the escrow closings. The Trust then develops a composite drawdown schedule from all of the individual borrowers in any given pool in order to net fund the Construction Fund from bond proceeds for the Trust component.

j. Loan Repayments. Participants make scheduled debt service payments on both of their loans with a single payment to a loan servicer, which may be the Trust. Payments are required to begin by the fourth year of the loans, but may commence earlier if the construction period is shorter or if the borrower chooses to begin amortization prior to the end of its construction period. Each debt service payment is determined as follows:

- Scheduled principal and interest due the Trust, net of investment income on the reserve fund credited for the period and net of any other applicable credits; and
- Scheduled principal due to the Clean Water or Drinking Water Fund or State Bond Fund or principal and interest due under the Pinelands Loan.

k. Investment of Project Loan Account Proceeds. The Trust will continue to invest project loan account monies on an aggregate basis to the expected drawdown dates. These investments will either continue to be in U.S. Treasury securities, the providers of which will be chosen competitively or on a collateralized guaranteed investment contract that will also be competitively procured. If determined to be advantageous, the project account

may be invested in State and Local Government Securities.

The Trust is still considering the feasibility of using flexible repurchase agreements, guaranteed income contracts or other forms of investment agreements to reinvest bond proceeds deposited into the project loan account. If any are found to be advantageous, the Trust will seek authorization from the Director of the Division of Investment in the DEP of the Treasury to use them.

1. Flow of Repayments. The Loan Servicer or Trustee receives the above noted repayments from the borrower and within each pool: (1) satisfies the requirements to pay the bondholders; (2) deposits the collected administrative fees; and (3) pays the Master Program Trustee the Fund repayments. The Master Program Trustee will hold these funds for a period of up to one year to provide coverage for the next two payments due on the Trust bonds issued in 1995 and in subsequent years so designated. Immediately following the second payment upon which the funds were available, the Master Program Trustee will deposit the principal and any interest earnings while invested by the Master Program Trustee in a state DEP account which the DEP will then deposit into the respective State CWSRF, DWSRF and non-SRF accounts. Once deposited in the revolving fund accounts, these monies are available to make future loans for clean water and drinking water purposes, respectively.

m. Miscellaneous Provisions

The Trust plans to sell its bonds soon after project loan agreements and local unit bonds evidencing such loans or other collateral provided by private drinking water systems to evidence such loans are delivered in escrow.

Construction draws will be made pursuant to requisitions submitted by project participants. During the construction period, money in the project loan account established under the Trust bond resolution for each participant will be invested. The corpus and associated interest earnings will be used to fund each project's allowable project costs.

All of the Trust bonds will mature within twenty years from the respective date of issuance thereof. Interest on each Trust Loan will be payable at least semiannually and after an initial optional deferment period for construction, principal will be retired at least annually. It is possible that nonprofit or private drinking water system borrowers for drinking water projects may be required to pay debt service on a monthly or quarterly basis. Payments are typically structured to provide level debt service payments after the construction period for the life of the loan.

If a borrower elects to capitalize interest during this period, its allocable share of the interest earnings derived from its capitalized interest account will be credited against the capitalized interest. The borrower's allocable share of earnings from the Debt Service Reserve Fund, if any, will also be used in this manner during the capitalized interest period.

For participants who elect not to capitalize interest and for all other participants following the construction period, all such participants will receive their proportionate share of the reserve fund earnings, if any, through a credit against their Trust Loan repayment obligations. The allocations of earnings from the reserve fund are based on the total Trust loan size.

The Trust and State reserve the right to make such modifications as may, in their discretion, be necessary, convenient, or desirable to the NJEIFP provided such modifications are consistent with the purposes of the Financing Program and with the provisions of the enabling legislation and corresponding rules and regulations.

## H. CREDIT OF THE TRUST BONDS.

1. **Credit Structure and Bond Rating.** The credit structure of the Trust's Bonds provides a major benefit to borrowers by allowing the Fund loan repayments of one borrower to secure the Trust loan repayments of all borrowers within the same pool of loans. In addition, Fund Loan repayments from all borrowers participating in the 1990 to present Financing Programs will be used to cross collateralize, on a subordinated basis, all or a portion of future Trust Bond issues. Since 1995, this technique has been used to enhance Trust Bond ratings with respect to particular pools or specific loans.

The Trust's structure has produced AAA/AAA/Aaa bond ratings from all three rating agencies (Fitch Ratings, Standard & Poor's and Moody's) for each series of the Trust's 1995 through 2008 uninsured bonds. This "true pool" structure further secures the Trust Bonds, improves the bond ratings, lowers the interest cost of the Bonds, and eliminates the need for bond insurance. In addition, the Trust established cross collateralization between the Clean Water and Drinking Water Programs to extend the benefits available to clean water borrowers to drinking water borrowers. New Jersey was first in the nation to be approved for cross-collateralization between the two programs.

Participants will finance their projects through one or more loan pools. The Trust will place Program participants in a pool that best meets their needs and the interest of the Trust. Given the financing structures described above, it is likely that most participants will be included in an uninsured tax-exempt pool.

With private water systems eligible to participate in the Drinking Water SRF, the Trust expects to issue bonds subject to the alternative minimum tax (AMT). In past years, the Trust has funded a separate series of AMT bonds for clean water projects and may do so again depending on the responses received from borrowers in their Financial Addenda. If clean water AMT bonds and drinking water AMT bonds are needed due to the operational and financial structure of borrowers, the Trust will attempt to combine the AMT bonds in a single series of Trust bonds.

Through the issuance of AMT bonds, the Trust retains the flexibility to finance certain projects involving private use, private payments or private loans in excess of Federal income tax standards available for more traditional types of Trust financing.

If necessary, the Trust will consider funding additional pools of loans by issuing taxable bonds.

The Trust may also consider alternative financing structures, such as Build America Bonds, as described in Section II(E)(5)(a) of this financial plan.

2. **Marketing Trust Bonds.** Minimizing costs for the participants in the Financing Program requires that the Trust bonds be backed by the strongest available credit structure. Without a uniform credit feature, the rating agencies would rate the Trust bonds no higher than the lowest credit in the group. The credit structure of the Financing Program attempts to provide that uniform credit, while also simplifying the Trust's credit and security arrangements.

3. **Security for Trust Bonds.** The Trust may issue tax-exempt, AMT or taxable bonds that will be uninsured to finance its share of the FY2012 Financing Program. The credit structure for the Trust's bonds is created through provisions in the bond documents, loan agreements and related support agreements executed by the participants.

Security for the Trust bonds relies on the following seven major credit features, as well as other protective covenants typically supporting revenue bonds:

- The pledge of revenues from self-supporting projects;
- For a municipal borrower, the pledge of its full faith and credit and taxing power to pay debt service on bonds sold to the Trust. For an authority borrower; a deficiency agreement under which the municipalities being directly or indirectly served by the borrower make this pledge or a shadow investment grade rating; for a private water system, collateral approved by the Trust;
- Other forms of credit enhancement, if necessary;
- The ability of the State to intercept State-aid payable to borrower municipalities or, in the case of authority borrowers, underlying municipalities;
- A pledge of the reserve fund, if any, to pay debt service on the Trust bonds in the event of default by a participant;
- Subordination of Fund Loans and Pinelands Loans to the Trust Loans within the particular pool to increase coverage of debt service on the Trust bonds; and
- Cross coverage from pools sold since 1990, after the individual pool Trust payments have been made, to provide additional coverage for Trust bonds sold in 1995-2010 and into the future (if so designated by the Trust).

4. **Self-Sufficiency of Projects.** The Trust Loan agreements impose debt service coverage tests and other requirements on those loans secured by project revenues to assure that the project will be self-sufficient. Projects supported solely by the taxing power of local governments through general obligation bonds are not necessarily self-supporting. Some local governments operating environmental infrastructure systems have decided to pay for their systems with ad valorem property taxes, and the Trust does not plan to alter such arrangements.

5. **Deficiency Agreement/Credit Enhancements.** In the case of authorities which have no taxing power, which must secure their bonds with project revenues and which, absent credit enhancement, do not themselves have an investment grade rating, the Trust may require the local unit bonds to be additionally secured by general obligation deficiency agreements with underlying municipalities, bond insurance or other form of credit enhancement. The use of deficiency agreements is a conventional tool for governmental utility revenue bond financings in New Jersey. It is anticipated that local unit bonds supported by such deficiency agreements will have the same credit quality as the general obligation bonds issued by the underlying municipalities.

6. **Collateral for Private Drinking Water Systems.** All private water system projects must demonstrate that revenue is sufficient to cover operation, maintenance and debt service. For large private drinking water systems, the Trust will require a revenue bond to be issued to the Trust as part of the collateral for the loan. For very small private community and nonprofit non-community drinking water systems, a variety of collateral will be considered on a case by case basis. Some of the collateral that may be considered will include, but not be limited to, a bank letter of credit, a mortgage on property and facilities, personal guarantee of owner, increased reserve funds, etc. The intermediate private drinking water systems will require some combination of the above based on a case by case determination.

7. **Collateral for Small Borrowers.** For some of the smaller borrowers, additional security in the form of a borrower financed two-year reserve fund may be required. This fund will be held by the Trustee in the case of a bond financed Trust loan or by the Trust in the case of a direct loan. Draw downs on the loan may also be restricted

to the percentage of the fund-up of the special borrower financed reserve fund.

8. **State-Aid Intercept.** The Trust's enabling legislation authorizes the State Treasurer to intercept State aid to local governments borrowing or certain local governments benefiting from the borrowing of money from the Trust. This money will be used to meet the obligations to the Trust if the local unit defaults.

The model for this approach is the State's Qualified Bond Program, which has been widely used by the State's lower rated urban borrowers. Many of the revenues securing Qualified Bonds issued by participants in the Qualified Bond Program can be intercepted by the Trust as well. The State's experience with the Qualified Bond Program indicates that the State aid intercept can raise the ratings on bonds issued by weaker borrowers to at least an "A". Therefore, participating municipalities and municipalities which are subject to deficiency agreements with participating authorities will be required to allow the State Treasurer to intercept their State aid on behalf of the Trust if project revenues are ever insufficient to pay debt service on the Trust Loan. The Trust may also require certain participating communities benefiting from projects and receiving small quantities of State aid to execute agreements which allow the Trust to tap their State aid.

The intercept under the Trust Program is subordinate to the intercept securing bonds issued under the Qualified Bond Program. Should participants in the Financing Program have outstanding Qualified Bonds, financing documents will include covenants requiring that the coverage ratio of debt service by State aid be calculated by including those bonds as well as both Financing Program loans. This will mitigate the adverse effect of the senior claim on State aid of those Qualified Bonds.

The Trust will continue to employ its State aid intercept powers to intercept the State funds of any borrower who has defaulted on its Trust obligation. Intercepted funds will be applied to make up any repayment deficiencies to the Trust. Further, the Trust and/or the State may take other actions to cause the local government unit to repay in a timely manner any sums in default. To date the Financing Program has not had to employ its State aid intercept powers.

9. **Reserve Fund.** Trust bonds prior to 2007 were secured by a debt service reserve fund of approximately 10% of the issue size. Prior to 2007, the Trust's Debt Service Reserve Fund was generally funded from a portion of the required state match (20% of the federal grant), General obligation Bond proceeds and project loan repayments. Commencing in 2007, the Trust utilized these funds for project loans while maintaining its natural AAA credit rating. To the extent permitted by the rating agencies, this practice will be continued in FY2012.

10. **Subordination of State Loans.** Within each bond series, each borrower's Fund Loan or Pinelands Loan repayments are subordinated to that borrower's Trust Loan repayments. Thus, a borrower's Fund Loan or Pinelands Loan repayments provide coverage on its Trust Loan repayment obligations. In addition, the appropriation bills, Trust bond resolution, and loan servicing agreement by and among the Trust, the State and the Financing Program's loan servicer will permit all Fund Loan and Pinelands Loan repayments to be applied to any Trust bond debt service payment whenever any Trust Loan repayment deficiency by any borrower occurs.

Fund Loan repayments for all 1990 through 2010 borrowers for each loan repayment period, once they are credited to such borrowers and once the Trust bond debt service payment for the repayment period is satisfied, are paid to the Master Program Trustee to be held for a period of up to one year to provide additional coverage for the next two Trust debt service payments due on the 1995 Trust bonds and any future Trust bonds so designated prior to being paid to the State.

11. **Cross Coverage Between Series.** As noted above, the credit quality of each issue of Trust Bonds is enhanced by the fact that Fund Loan or Pinelands Loan repayments from all borrowers within each pool are available to make debt service payments on the Trust Bonds in the event of a Trust Bond debt service payment

deficiency by one or more borrowers in the pool. Since the Trust began using this technique in its 1989 borrowing, it has never become necessary to use the Fund Loan repayments for this purpose. Once each semi-annual Trust Bond debt service payment was satisfied, the Fund Loan repayments associated with that payment date were transferred to the DEP.

In 1995 the Trust instituted the concept of Cross Coverage. Once Trust debt service on individual bond issues is satisfied, the remaining funds are transferred to the Master Program Trustee to cover potential debt service deficiencies for the 1995 bonds and subsequent bond issues so designated. The Trust will continue to use some or all of the Fund Loan repayments associated with the 1990 through 2010 Trust Bond issues, as well as subsequent Trust Bond issues so designated, to cross collateralize, on a subordinated basis, all or a portion of future Trust Bond issues so designated. This cross coverage credit structure would reduce the risk of default on the Trust bonds by increasing the likelihood that sufficient funds will be available to pay debt service on those bonds. It is important to note that, notwithstanding such subordination, any borrower that has made its Trust, Fund or Pinelands Loan payments has fully discharged its obligation to make such payment. This technique could potentially be used either to enhance all future Trust borrowings or to enhance particular pools or even specific loans if a real cost benefit can be demonstrated.

12. **Cross Collateralization Between the Clean Water and Drinking Water Programs.** Under the cross collateralization option, repayments of clean water and drinking water Fund Loans may be used to satisfy any default in Trust loan repayments from all deposits in the Master Program Trust Account for approximately one year. Notwithstanding the foregoing, to the extent Fund loan repayments are received in connection with Fund loans originally funded by State general obligation bond proceeds, these Fund Loan repayments may not be available to secure Trust Loans made to private drinking water systems. Even after allowing for this minor restriction on cross collateralization, the ability to use Clean Water and Drinking Water Program funds to support each Financing Program will result in significant savings to the project sponsors under the Drinking Water Program. Since there is not a large pool of Fund Loan repayments available for this program, the Drinking Water Program Trust bonds would almost certainly not receive the AAA programmatic rating without this cross collateralization between Programs. However, the State's cross collateralization involves only a temporary use of funds from the CWSRF or the DWSRF, if a default in loan repayment did occur (which, to date, has not occurred under the Clean Water Program). The Trust and the DEP would take steps to collect the defaulted loan repayments to reimburse the appropriate Drinking Water or Clean Water Fund.

After being available for two semi-annual debt service payments, these cross-collateralized funds are returned to the State for deposit in the respective CWSRF and DWSRF accounts. Once in the respective SRFs, these monies can be used to make new loans for their respective Clean Water and Drinking Water Programs.

13. **Rating the Trust Bonds.** Because of the Cross Coverage, the Trust's 2010 bonds were rated AAA/AAA/Aaa by all three rating agencies: Standard & Poor's, Fitch and Moody's, respectively. Cross Coverage will help avoid weaker credits penalizing the stronger credits in the uninsured pool.

To the extent a series of taxable or AMT bonds will be issued to accommodate a single borrower, the advantages found in the pooling structures will not apply. However, cross coverage and the primary advantage of the AAA/AAA/Aaa ratings may still be available. Alternatively, a separate series of taxable or AMT bonds issued for several borrowers will reap the benefits of the pooled structure and the ratings will be set accordingly.

14. **Junior Lien Bond Policy.** The Trust has amended its policy regarding the acceptance of junior lien bonds from participants in the Financing Program. Heretofore, the Trust and the State would accept either a senior lien bond or a junior lien bond on the condition that the borrower covenants not to issue any more senior lien bonds.

Trust Loan Bonds are typically secured by revenues of the Authority Borrowers' wastewater or water supply systems under the terms of the Authority Borrowers Bond Resolutions, but sometimes are additionally secured by service, deficiency or other agreements of (i) municipalities that possess and use their general obligation taxing power to secure their payment obligations under such service agreements ("Direct Service Agreements") or (ii) authority participants or customers, that in turn have service, deficiency or other agreements with municipalities that possess and use their general obligation taxing power to secure their payment obligations under such service agreements) "Indirect Service Agreements" and together with Direct Service Agreements, "General Obligation Service Agreements").

Some Authority Borrowers are required to fund a debt service reserve fund under the terms of their Authority Borrower Bond Resolutions, but not under the terms of the Financing Program. In order to avoid the costs of funding such Authority Borrower debt service reserve funds, some Authority Borrowers have requested permission from the Trust to issue subordinate Trust Loan Bonds to the Trust under the Financing Program.

The old policy requirement of closing off the senior lien Authority Borrower Bond Resolution (i) has caused Authority Borrowers great inconvenience and cost in the past, (ii) under the conditions set forth below not materially relevant to the ability of Authority Borrowers to make timely payment of debt service on their Trust Loan Bonds.

Therefore, the Trust has adopted the following policy regarding the Fund Loans based on the above, the recommendations of counsels and concurrence with the State Treasurer:

(a) The Trust may accept junior lien Trust Loan bonds of an Authority Borrower without forcing any such Authority Borrower to close off their senior lien bond resolution, indenture or other related document, so long as such junior lien Trust Loan Bonds:

- (i) will be directly or indirectly secured by General Obligation Service Agreements.
- (ii) would carry an investment grade rating (which may be evidenced by a shadow rating or otherwise) if such bonds were not part of the Financing Program or would meet any of the "safe harbors" outlined in the letter of the State Treasurer dated October 29, 2001; and
- (iii) the junior lien Authority Borrower Bond Resolution under which any such Trust Loan Bonds are to be issued carries the same rate covenant applicable to such Borrower's senior lien obligations.

(b) Notwithstanding the foregoing, when determined to be in the best interest of the NJEIFP, the Executive Director may determine not to accept a junior lien bond which complies with paragraph (a), so long as he reports this action and the reasons therefore to the Trust board of directors at the next meeting.

#### **15. Covenants Affecting the Local Unit.**

The loan agreements are legally valid and binding obligations between the Trust/State and the borrower. The local unit bonds or approved collateral are legally valid and binding obligations of the municipal government, authority or private water system.

Consequently, each borrower must be able to make unequivocal representations concerning its status in the transaction. 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 specific project, and own, efficiently operate and appropriately

maintain an environmental infrastructure system. All applicable permits and approvals for construction must be obtained as a precondition for execution of the agreements and the local unit bonds. The borrower will need to certify that no undisclosed fact or event, and no pending litigation, will materially adversely affect the environmental infrastructure system, the ability to make timely loan repayments, or the prospects for completion of the project. A reasonable and accurate estimate of project costs compiled by a New Jersey licensed professional engineer will be required, and the borrower must obligate itself to assume capital costs in excess of the Trust and Fund or Trust and Pinelands funding from its resources.

Other covenants include:

- For a general obligation borrower, a pledge of full faith and credit to exercise the unlimited taxing power of the local government to insure the timely repayment of principal and interest;
- The intercept of State aid payable to a general obligation borrower who fails to meet Trust Loan repayment and/or administrative fee payment schedules; or
- For a revenue borrower, an irrevocable pledge of (1) local or regional authority or private water system revenues and other receipts of the environmental infrastructure system, (2) moneys payable pursuant to service agreements or local unit bond credit enhancement, if any, and (3) State aid of municipalities, if any, which have executed deficiency agreements with the borrower to secure Trust Loan repayments;
- The establishment of levies, fees or rates sufficient to meet operating and maintenance expenses (particularly with authority and privately owned drinking water system borrowers), to comply with all outstanding covenants relating to bonds or other evidence of indebtedness, and to pay all other amounts due;
- 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 been equal to 2 times the sum of (1) the maximum debt service on all outstanding Qualified Bonds and (2) one year of loan repayment obligations;
- A limitation on the use of loan proceeds financing the allowable costs of the project funded by the loan, or reimbursement for allowable costs previously paid or incurred by a borrower for those projects receiving pre-award approvals from the DEP and the Trust for construction;
- A limitation on the borrower's discretion to sell, lease, abandon or otherwise dispose of the environmental infrastructure system without an effective assignment of the loan obligations and the prior written approval of the Trust/State; and
- A prohibition on actions that may jeopardize the tax status of the bonds issued by the Trust and, where appropriate, the State.
- A provision to provide secondary market disclosure information in accordance with the provisions of SEC Rule 15c2-12 and the policy established by the Trust, if required under the Rule.
- The Trust and the State may impose additional covenants on Principal Forgiveness Loans borrowers in order to ensure compliance provisions unique to the FFY2011 EPA Capitalization Grants.

## 16. Terms of Disbursement and Repayment

The NJEIFP intends to offer each borrower on the Clean Water and Drinking Water Project Priority Lists, the full amount authorized by the appropriation bills subject to a borrower's satisfaction of financing program requirements and funding limitations, and unless reduced based on the DEP's review of allowable project costs. Interest begins accruing when the Trust Loan proceeds are placed in the respective project loan accounts created under the Trust bond resolution. The Fund Loan and Pinelands/Green Acres Loan (if applicable) are based on the moneys available and the DEP's review of allowable project costs. In addition, the borrower, if a municipality, must certify to the Trust and the DEP that it has funds available, or if an authority or private water system, moneys on hand, for project costs that exceed the actual amounts of the loan commitments. This amount includes unallowable project costs.

Disbursement of Trust Loan proceeds will be made by the Trustee, acting as agent for the Trust, following receipt of authorization from the Trust based on a borrower's certified requisitions. Fund Loan and Pinelands grant and loan disbursements will be made by the State, also upon receipt of a borrower's certified requisitions.

The repayments for the Fund Loans and Pinelands/Green Acres Loans are subordinate to those received for the Trust and may be used to satisfy Trust debt service obligations (across Trust programs beginning in 1995 and into the future) if any Trust Loan repayment deficiencies exist. However, no borrower will be responsible for the repayments of any other borrower.

Other terms include:

- A level repayment schedule for Trust Loans with interest payable in semiannual installments, and principal payable in annual installments, provided however, that private drinking water systems may be required to pay more frequently than semiannually. Depending on the circumstances, such borrowers could be required to pay 1/12 of their annual principal and 1/6 of their semi-annual interest on a monthly basis;
- A level repayment schedule for Fund Loans at zero interest, with principal payable in semiannual installments or, with respect to certain authority participants, annual installments; provided, however, that private drinking water systems may be required to pay 1/12 of their annual principal on a monthly basis;
- A level repayment schedule for Pinelands Loans with interest payable in semiannual installments, and principal payable in annual installments;
- Semiannual payment of one half the administrative fee for the Trust beginning in 2012; provided, however, that private drinking water systems may be required to pay more frequently than semiannually. Depending on the circumstances, such borrowers could be required to pay 1/12 of their annual administrative fee on a monthly basis;
- Semiannual payment of one half the administrative fee for the DEP, if approved; provided, however, that private drinking water systems may be required to pay more frequently than semiannually. Depending on the circumstances, such borrowers could be required to pay 1/12 of their annual administrative fee on a monthly basis;
- A late charge of 12% per annum, or .50% above the prime rate, whichever is greater, for any payment received 10 days past due, calculated from the due date;

- The application of each Trust Loan repayment to interest first, then principal;
- A credit against the debt service obligations of each project for the allocable share of reserve fund income;
- Debt service payments to amortize principal must begin within one year of the anticipated completion of construction date;
- The anticipated completion date must be established within three years of the loan closing date;
- Tax exempt borrowers may capitalize interest for a period up to six months following the anticipated completion of construction date; and
- Alternative Minimum Tax (AMT) borrowers may capitalize interest up to the payment date immediately preceding the anticipated completion of construction date.

The loan agreements may also provide borrowers with an option to prepay loan obligations. Trust Loan prepayments must be in \$100,000.00 increments, the Fund Loan minimum is \$25,000.00. Prepayment on either the Trust or Fund Loan requires a 90-day written notice to the Trust and a written approval thereof. Fund Loan prepayments also require a 90-day written notice to the DEP and a written approval thereof. Trust Loan prepayments, at a minimum, must take out accrued interest (if applicable), any premium, and principal through the prospective payment date for which the prepayment is to be credited. Advance repayments will be applied first to interest on the portion prepaid, then to principal. It should also be understood that the Trust/Fund financing is based on a split between the Trust and the State for the financing of a project's eligible cost. Therefore, the prepayment of any Trust Loan must be accompanied by a corresponding pro-rata prepayment on the State Loan. In addition, whether or not prepayment is involved, any refunding of the local government bond securing a Trust Loan will require prior approval of the Trust.

17. **Default.** The loan agreements define an event of default as:

- (1) the failure by the borrower to make a loan repayment within 15 days of the due date,
- (2) the failure to make timely payment of an administrative fee on the Trust or Fund Loan 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 appropriate filing by or against a borrower of any petition of bankruptcy or insolvency,
- (5) the general failure of the borrower to pay its debts, and
- (6) the failure to observe or perform any other duties, obligations or responsibilities required by the Trust or State for participation in the Financing Program, 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 default, the Trust and/or State may accelerate the Trust and State loans and in the event of any default, the Trust and/or the State may elect to take whatever action at law or equity is necessary to recover the deficiencies manifested by the default, or direct the Trustee (in the case of Trust Loans) to pursue these remedies.

Recovered funds may be applied in the following order:

- To pay the fees for attorneys and other expenses incurred by virtue of the proceedings;
- For interest payable on the Trust Loan obligation;
- For principal payable on the Trust Loan obligation;
- For other amounts due and payable to the Trust;
- For interest, principal and other amounts due the Trust as the obligations become due and payable in accordance with the terms of the loan agreement; and
- For principal and other amounts due the State for the Fund or Pinelands Loan obligation and for other amounts due and payable to the State.

#### 18. Assignment of Obligations

Each participant will acknowledge that all rights, title and interest of the Trust in the agreement and the local unit bond or other approved collateral are, except for certain reserved rights, assigned by the Trust, at its discretion, to the Trustee. Further, each participant will consent to any transfer of the loans deemed necessary by the Trust for any refunding or additional debt issuance in connection with the NJEIFP.

A participant will be restrained from assigning its debt service obligation on its own bond or any other obligations under the agreement unless certain conditions are met. Prior written approval of the Trust and the Trustee must be secured for both the Trust and Fund or Pinelands Loans. In addition, the DEP must provide prior written approval for assignment of Fund or Pinelands Loans. The assignee must have expressly represented in writing its full and faithful observance of the covenants assumed; and the assignee cannot be, at the time of the assignment or as a result of the assignment, in default on any obligations that would materially affect the loan agreement or the local unit bond. Finally, the Trust must receive an opinion from bond counsel assuring that the terms of the assignment preserve the tax-exempt status of the Trust bonds.

#### I. LEGISLATION

Bills providing for the authorizations and expenditures involved in the Financing Program have been submitted to the Senate and Assembly. The appropriations package is currently expected to provide, in part, for the following:

- Authorization for the Trust to expend over \$200 million of its revenue bond proceeds to make loans for up to 40% or more of the allowable project costs, plus, at the option of the borrower, 100% of the allowable costs for reserve capacity, and to fund capitalized interest, issuance costs including rating agencies fees, debt service reserve fund requirements (if necessary) for reserve capacity and private water system projects and loan origination fee.

- Clean Water Appropriation of the FFY2011 USEPA Clean Water Capitalization Grant funds, an appropriation of the FFY2011 USEPA Safe Drinking Water Capitalization Grant funds, an appropriation of the 1981 Safe Drinking Water Supply Act funds, an appropriation of Dam, Lake Stream, Flood Control, Water Resources and Wastewater Treatment Project Bond Act of 2003 funds, to be deposited in the respective Funds for zero interest loans to finance approximately 75% of the allowable project costs and for the purpose of State match to federal capitalization grants.
- Appropriation of additional 1981 Safe Drinking Water Supply Act funds from (1) unfunded interconnection water supply system projects, (2) unfunded water supply contamination remediation projects; and (3) unfunded water supply rehabilitation projects, to be deposited in the respective Funds for zero interest loans to finance approximately 75% of the allowable project costs and for the purpose of State match to federal capitalization grants.
- Making available in cash, from previous Program Fund Loan repayments or the appropriate bond acts, up to approximately 10% of the par amount of the Trust revenue bonds which will be used to establish a reserve fund for the Trust to secure revenue bonds issued to publicly owned projects (if necessary).
- Authorization for the Trust to temporarily use State loan repayments as coverage, if necessary, to pay debt service on the Trust bonds issued under this year's Financing Program and thereafter, for an additional year, for Financing Programs starting from 1995-2010 are designated by the Trust as eligible to receive this security.
- Continued authorization for the Trust to hold the DEP loan origination fee payments in excess of the annual revenue anticipation amount. This excess amount is only to be used to cover years in which the DEP origination fees received are less than the revenue anticipated.
- Appropriation of the "1992 Wastewater Treatment Fund" established pursuant to section 27 of the "Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992" (P.L. 1992, c.88) and the "2003 Water Resources and Wastewater Treatment Fund" established pursuant to subsection a. of section 19 of the "Dam, Lake, Stream, Flood Control, Water Resources and Wastewater Treatment Project Bond Act of 2003" (P.L. 2003, c.162)
- Appropriation to the DEP, of the unappropriated balances from the "Drinking Water State Revolving Fund" established pursuant to section 1 of P.L. 1998, c.84 for the purposes of drinking water project loans.
- Appropriation to the DEP, such sums as may be or become available on or before June 30, 2012, from drinking water loan repayments in the "Water Supply Fund" established pursuant to section 14 of the "Water Supply Bond Act of 1981" (P.L. 1981, c.261) for the purposes of making drinking water project loans and providing the State match as required or will be required for the award of the capitalization grant made available to the State for drinking water projects pursuant to the Federal Safe Drinking Water Act.

## APPENDICES

FY2012 State Clean Water Project Priority List (All Projects including Barnegat Bay)	
Alphabetical Order	A1
Ranked Order	A2
FY2012 State Clean Water Project Priority List (Barnegat Bay Prin. Forgiveness Projects)	
Alphabetical Order	A3
Ranked Order	A4
FY2012 State Drinking Water Project Priority List	
Alphabetical Order	B1
Ranked Order	B2
FY2012 Clean Water Interim Financing Project List	C
FY2012 Drinking Water Interim Financing Project List	D
Distribution of Financing Program Funds throughout the State	E
Status Reports on Projects Funded in the FY1987 through FY2012 Financing Programs	F
Pro Forma Aggregate Trust/Fund Financing for Allowable Project Costs	G
FY2012 Financing Schedule	H
FY2013 Proposed Budget	I
Review of the FY2012 Financing Program	J

## APPENDIX A1

### State Clean Water Project Priority List FY2012 Financing Program Alphabetical Order

Priority List Rank	Applicant	Project No.	Application Amount	Project Type
<b>Supplemental Loans</b>				
	Bayonne MUA	S340399-30-1	\$915,260	Wind
	Bergen County UA	S340386-05-1	\$1,298,542	STP
	Gloucester County UA	S340902-06-1	\$320,000	FM
	HCIA	S340098-01-1	\$3,504,842	Rem
	JCMUA	S340928-06-1	\$1,800,160	Int.; PS
	Newark City	S340815-05-1	\$9,634,300	CSO
			<b>\$17,473,104</b>	
<b>Traditional</b>				
495	Atlantic County UA	S340809-18	\$2,220,000	VW
88	Atlantic County UA	S340809-22	\$1,519,311	SP
605	Bellmawr Borough	S342011-02	\$9,352,757	LF Closure
86	Bergen County UA	S340386-11	\$15,850,000	STP
508	Berkeley Township	S340969-10	\$704,410	Storm, Equip
508	Berkeley Township	S340969-11	\$382,450	Storm
75	Bordentown SA	S340219-03	\$2,242,800	STP
137	Burlington Township	S340712-09	\$1,377,500	Rehab
117	Camden County MUA	S340640-10	\$50,050,000	Int.
164	Cape May County MUA	S340661-15	\$465,500	PS
164	Cape May County MUA	S340661-16	\$266,000	PS
120	Cape May County MUA	S340661-17	\$385,700	PS
164	Cape May County MUA	S340661-18	\$665,000	PS
330	Cape May County MUA	S340661-19	\$465,500	STP
330	Cape May County MUA	S340661-20	\$266,000	Equip
685	Cape May County MUA	S342017-03	\$8,860,000	LF Closure
138	Cinnaminson SA	S340170-04	\$1,703,640	Rehab
76	Clinton Town	S340924-04	\$1,523,000	STP
148	Cranford Township	S340858-01	\$943,700	I/I
18	Elizabeth City	S340942-11	\$9,802,000	CSO
18	Elizabeth City	S340942-13	\$11,240,000	Rehab
18	Elizabeth City	S340942-14	\$2,902,000	CSO
70	Frenchtown Borough	S340331-01	\$13,632,500	STP
516	Galloway Township	S340892-03	\$127,924	Storm
502	Gloucester Township	S340364-07	\$1,581,250	Storm

Priority List Rank	Applicant	Project No.	Application Amount	Project Type
502	Gloucester Township	S340364-08	\$701,300	NPS
219	Hamilton Township MUA	S340903-03	\$1,170,960	Rehab
570	Highlands Borough	S340901-03	\$4,291,200	Storm
22	Jersey City MUA	S340928-09	\$2,649,800	PS
63	Linden Roselle SA	S340299-07	\$14,797,840	STP
556	Linwood City	S340217-01	\$783,960	NPS
556	Linwood City	S340217-02	\$1,959,300	Storm
538	Little Falls Township	S340716-06	\$1,022,100	PS
293	Long Beach Township	S340023-04	\$2,847,780	Rehab
107	Maple Shade Township	S340710-07	\$1,635,000	STP
257	Maywood Borough	S340226-01	\$1,782,341	I/I
266	Midland Park Borough	S340227-01	\$693,000	Rehab
116	Milltown Borough	S340102-02	\$1,446,422	Rehab
540	Mount Holly Township	S340817-05	\$189,950	NPS
482	Newark City	S340815-12	\$18,240,886	Rehab
6	Newark City	S340815-21	\$9,898,000	Rehab
668	New Jersey City U.	S340111-02	\$16,284,954	CS
606	New Jersey WSA	S343054-08	\$2,106,092	Land
47	North Hudson SA	S340952-17	\$2,283,500	STP; Rehab
47	North Hudson SA	S340952-18	\$540,585	Rehab
459	NW Bergen County UA	S340700-09	\$5,806,000	Rehab
34	Ocean County UA	S340372-45	\$5,019,123	STP
156	Ocean County UA	S340372-46	\$4,134,438	Int.
156	Ocean County UA	S340372-47	\$2,408,551	PS
141	Ocean Township	S340112-02	\$843,434	Rehab
426	Old Bridge MUA	S340945-08	\$8,974,000	Int.
122	Old Bridge MUA	S340945-10	\$4,855,000	STP
178	Old Bridge MUA	S340945-11	\$2,155,000	Rehab
64	Phillipsburg Town	S340874-05	\$1,795,000	OR
417	Pleasantville City	S340752-01	\$1,301,225	I/I
130	Princeton Borough	S340656-07A	\$1,854,978	I/I
130	Princeton Township	S340656-07B	\$2,383,218	Rehab
72	Raritan Township MUA	S340485-05	\$398,750	NPS
206	Raritan Township MUA	S340485-06	\$1,167,250	PS
101	Rockaway Valley RSA	S340821-05	\$4,948,000	STP
215	Roselle Borough	S340332-01	\$2,855,000	Rehab
303	Seaside Park Borough	S340083-02	\$3,799,509	Rehab
147	Stone Harbor Borough	S340722-04	\$8,474,028	Rehab
477	Willingboro Township	S340132-03	\$2,710,000	Storm
			<b>\$289,736,416</b>	
<b>Clean Water Second Chance Projects</b>				
108	Barnegat Township	S344130-01	\$377,000	NPS
115	Bay Head Borough	S344120-01	\$250,125	NPS
109	Beachwood Borough	S344010-01	\$1,009,925	NPS

Priority List Rank	Applicant	Project No.	Application Amount	Project Type
105	Berkeley Township	S344020-01	\$507,500	NPS
92	Brick Township	S344030-01	\$1,061,126	NPS
44	Camden County MUA	S340640-12	\$4,530,000	STP
36	Cape May County MUA	S340661-21	\$1,040,000	STP
174	Clifton City	S340844-01	\$323,978	I/I
499	Clifton City	S340844-04	\$1,776,022	Equip, SP
149	Cranford Township	S340858-06	\$943,700	Rehab
176	Ewing-Lawrence SA	S340391-09	\$1,994,178	Int.
163	Gloucester County UA	S340902-08	\$1,230,000	PS
66	Hanover SA	S340388-04	\$7,126,000	STP
572	Harrington Park Borough	S340223-01	\$378,590	NPS
321	Hightstown Boro	S340915-02	\$393,500	SL
95	Hightstown Boro	S340915-03	\$825,020	STP
143	Hightstown Boro	S340915-04	\$63,975	Rehab
104	Howell Township	S344040-01	\$4,351,610	NPS
98	Jackson Township	S344050-01	\$2,500,759	NPS
410	Kearny MUA	S340259-09	\$2,189,200	Storm
99	Lacey Township	S344140-01	\$326,801	NPS
96	Lakehurst Borough	S344150-01	\$523,450	NPS
94	Little Egg Harbor Township	S344060-01	\$3,171,875	NPS
112	Long Beach Township	S344170-01	\$1,225,250	NPS
93	Manchester Township	S344070-01	\$833,849	NPS
500	Middletown Twp.	S340097-01	\$3,690,000	NPS
110	Millstone Township	S344160-01	\$362,500	NPS
190	Montclair Twp	S340837-02	\$1,205,830	Rehab
693	North Bergen MUA	S340652-11	\$2,059,240	STP
100	Ocean County	S344080-01	\$16,728,932	NPS
113	Ocean Gate Borough	S344180-01	\$2,450,500	NPS
114	Pine Beach Borough	S344090-01	\$442,250	NPS
111	Point Pleasant Beach Borough	S344190-01	\$340,750	NPS
106	Point Pleasant Borough	S344210-01	\$319,000	NPS
65	Raritan Township MUA	S340485-08	\$1,603,120	STP
97	Seaside Park Borough	S344200-01	\$681,500	NPS
210	South Plainfield Boro	S340408-01	\$352,100	Equip
91	Stafford Township	S344100-01	\$4,531,250	NPS
102	Toms River Township	S344110-01	\$2,080,750	NPS
599	Weehawken Twp	S343077-01	\$11,500,000	Land
			<b>\$87,301,155</b>	
	<b>Total CW Projects</b>	<b>110</b>	<b>\$394,510,675</b>	

## APPENDIX A2

### State Clean Water Project Priority List FY2012 Financing Program Ranked Order

Priority List Rank	Applicant	Project No.	Application Amount	Project Type
<b>Supplemental Loans</b>				
	Bayonne MUA	S340399-30-1	\$915,260	Wind
	Bergen County UA	S340386-05-1	\$1,298,542	STP
	Gloucester County UA	S340902-06-1	\$320,000	FM
	HCIA	S340098-01-1	\$3,504,842	Rem
	JCMUA	S340928-06-1	\$1,800,160	Int.; PS
	Newark City	S340815-05-1	\$9,634,300	CSO
			<b>\$17,473,104</b>	
<b>Traditional Loans</b>				
6	Newark City	S340815-21	\$9,898,000	Rehab
18	Elizabeth City	S340942-11	\$9,802,000	CSO
18	Elizabeth City	S340942-13	\$11,240,000	Rehab
18	Elizabeth City	S340942-14	\$2,902,000	CSO
22	Jersey City MUA	S340928-09	\$2,649,800	PS
34	Ocean County UA	S340372-45	\$5,019,123	STP
47	North Hudson SA	S340952-17	\$2,283,500	STP; Rehab
47	North Hudson SA	S340952-18	\$540,585	Rehab
63	Linden Roselle SA	S340299-07	\$14,797,840	STP
64	Phillipsburg Town	S340874-05	\$1,795,000	OR
70	Frenchtown Borough	S340331-01	\$13,632,500	STP
72	Raritan Township MUA	S340485-05	\$398,750	NPS
75	Bordentown SA	S340219-03	\$2,242,800	STP
76	Clinton Town	S340924-04	\$1,523,000	STP
86	Bergen County UA	S340386-11	\$15,850,000	STP
88	Atlantic County UA	S340809-22	\$1,519,311	SP
101	Rockaway Valley RSA	S340821-05	\$4,948,000	STP
107	Maple Shade Township	S340710-07	\$1,635,000	STP
116	Milltown Borough	S340102-02	\$1,446,422	Rehab
117	Camden County MUA	S340640-10	\$50,050,000	Int.
120	Cape May County MUA	S340661-17	\$385,700	PS
122	Old Bridge MUA	S340945-10	\$4,855,000	STP
130	Princeton Borough	S340656-07A	\$1,854,978	I/I
130	Princeton Township	S340656-07B	\$2,383,218	Rehab
137	Burlington Township	S340712-09	\$1,377,500	Rehab

Priority List Rank	Applicant	Project No.	Application Amount	Project Type
138	Cinnaminson SA	S340170-04	\$1,703,640	Rehab
141	Ocean Township	S340112-02	\$843,434	Rehab
147	Stone Harbor Borough	S340722-04	\$8,474,028	Rehab
148	Cranford Township	S340858-01	\$943,700	I/I
156	Ocean County UA	S340372-46	\$4,134,438	Int.
156	Ocean County UA	S340372-47	\$2,408,551	PS
164	Cape May County MUA	S340661-15	\$465,500	PS
164	Cape May County MUA	S340661-16	\$266,000	PS
164	Cape May County MUA	S340661-18	\$665,000	PS
178	Old Bridge MUA	S340945-11	\$2,155,000	Rehab
206	Raritan Township MUA	S340485-06	\$1,167,250	PS
215	Roselle Borough	S340332-01	\$2,855,000	Rehab
219	Hamilton Township MUA	S340903-03	\$1,170,960	Rehab
257	Maywood Borough	S340226-01	\$1,782,341	I/I
266	Midland Park Borough	S340227-01	\$693,000	Rehab
293	Long Beach Township	S340023-04	\$2,847,780	Rehab
303	Seaside Park Borough	S340083-02	\$3,799,509	Rehab
330	Cape May County MUA	S340661-19	\$465,500	STP
330	Cape May County MUA	S340661-20	\$266,000	Equip
417	Pleasantville City	S340752-01	\$1,301,225	I/I
426	Old Bridge MUA	S340945-08	\$8,974,000	Int.
459	NW Bergen County UA	S340700-09	\$5,806,000	Rehab
477	Willingboro Township	S340132-03	\$2,710,000	Storm
482	Newark City	S340815-12	\$18,240,886	Rehab
495	Atlantic County UA	S340809-18	\$2,220,000	VW
502	Gloucester Township	S340364-07	\$1,581,250	Storm
502	Gloucester Township	S340364-08	\$701,300	NPS
508	Berkeley Township	S340969-10	\$704,410	Storm, Equip
508	Berkeley Township	S340969-11	\$382,450	Storm
516	Galloway Township	S340892-03	\$127,924	Storm
538	Little Falls Township	S340716-06	\$1,022,100	PS
540	Mount Holly Township	S340817-05	\$189,950	NPS
556	Linwood City	S340217-01	\$783,960	NPS
556	Linwood City	S340217-02	\$1,959,300	Storm
570	Highlands Borough	S340901-03	\$4,291,200	Storm
605	Bellmawr Borough	S342011-02	\$9,352,757	LF Closure
606	New Jersey WSA	S343054-08	\$2,106,092	Land
668	New Jersey City U.	S340111-02	\$16,284,954	CS
685	Cape May County MUA	S342017-03	\$8,860,000	LF Closure
			<b>\$289,736,416</b>	
<b>Clean Water Second Chance Projects</b>				
36	Cape May County MUA	S340661-21	\$1,040,000	STP
44	Camden County MUA	S340640-12	\$4,530,000	STP
65	Raritan Township MUA	S340485-08	\$1,603,120	STP

Priority List Rank	Applicant	Project No.	Application Amount	Project Type
66	Hanover SA	S340388-04	\$7,126,000	STP
91	Stafford Township	S344100-01	\$4,531,250	NPS
92	Brick Township	S344030-01	\$1,061,126	NPS
93	Manchester Township	S344070-01	\$833,849	NPS
94	Little Egg Harbor Township	S344060-01	\$3,171,875	NPS
95	Hightstown Boro	S340915-03	\$825,020	STP
96	Lakehurst Borough	S344150-01	\$523,450	NPS
97	Seaside Park Borough	S344200-01	\$681,500	NPS
98	Jackson Township	S344050-01	\$2,500,759	NPS
99	Lacey Township	S344140-01	\$326,801	NPS
100	Ocean County	S344080-01	\$16,728,932	NPS
102	Toms River Township	S344110-01	\$2,080,750	NPS
104	Howell Township	S344040-01	\$4,351,610	NPS
105	Berkeley Township	S344020-01	\$507,500	NPS
106	Point Pleasant Borough	S344210-01	\$319,000	NPS
108	Barneget Township	S344130-01	\$377,000	NPS
109	Beachwood Borough	S344010-01	\$1,009,925	NPS
110	Millstone Township	S344160-01	\$362,500	NPS
111	Pt Pleasant Beach Borough	S344190-01	\$340,750	NPS
112	Long Beach Township	S344170-01	\$1,225,250	NPS
113	Ocean Gate Borough	S344180-01	\$2,450,500	NPS
114	Pine Beach Borough	S344090-01	\$442,250	NPS
115	Bay Head Borough	S344120-01	\$250,125	NPS
143	Hightstown Boro	S340915-04	\$63,975	Rehab
149	Cranford Township	S340858-06	\$943,700	Rehab
163	Gloucester County UA	S340902-08	\$1,230,000	PS
174	Clifton City	S340844-01	\$323,978	I/I
176	Ewing-Lawrence SA	S340391-09	\$1,994,178	Int.
190	Montclair Twp	S340837-02	\$1,205,830	Rehab
210	South Plainfield Boro	S340408-01	\$352,100	Equip
321	Hightstown Boro	S340915-02	\$393,500	SL
410	Kearny MUA	S340259-09	\$2,189,200	Storm
499	Clifton City	S340844-04	\$1,776,022	Equip, SP
500	Middletown Twp.	S340097-01	\$3,690,000	NPS
572	Harrington Park Borough	S340223-01	\$378,590	NPS
599	Weehawken Twp	S343077-01	\$11,500,000	Land
693	North Bergen MUA	S340652-11	\$2,059,240	STP
			<b>\$87,301,155</b>	
	<b>Total CW Projects</b>	<b>110</b>	<b>\$394,510,675</b>	

**Key**

FM = Force Main

STP = Sewage Treatment Plant Impr.

CS = New Collection System

CSO = Comb Sewer Overflow Abatement

I/I = Infiltration/Inflow Correction

Rehab = Sewer System Rehab

Storm = Stormwater Management

Land = Land acquisition

NPS = Nonpoint Source Pollution Cont

LF Constr = New Landfill Construction

LF Closure = Landfill Closure Activities

WS = Well Sealing

Equip = Equipment Purchase

Int = Interceptors

PS = Pump Stations

OR = Outfall Repairs

Rem = Site remediation

Septic= Septic System Repair/Replacement

RWBR = Reclaimed Wtr for Beneficial Reuse

SL = Sludge Management

SP = Solar Panels

DR = Dam Removal

VW = Vehicle Wash

## APPENDIX A3

### State Clean Water Barnegat Bay Principal Forgiveness Project Priority List FY2012 Financing Program Alphabetical Order

<b>Set aside for Equipment Purchase (\$1M)</b>				
<b>BB PF Rank</b>	<b>Applicant</b>	<b>Proj. #</b>	<b>Estimated Application Amount</b>	<b>Project Type</b>
E-1	Bay Head Borough	BBE1	\$250,125	Equipment
E-2	Long Beach Township	BBE2	\$362,500	Equipment
E-3	Point Pleasant Beach Boro	BBE3	\$340,750	Equipment
E-4	Seaside Park Borough	BBE4	\$681,500	Equipment
	<b>Equipment Subtotal</b>		<b>\$1,634,875</b>	
<b>Category 1 Projects for PF</b>				
16	Brick Township	BBB16	\$1,061,126	PAL Drainage Basin
12	Howell Township	BBB12	\$1,477,821	Basin Retrofit
13	Howell Township	BBB13	\$1,406,486	Basin Retrofit
14	Howell Township	BBB14	\$583,766	Basin Retrofit
21	Howell Township	BBB21	\$883,537	Basin Retrofit
11	Jackson Township	BBB11	\$1,347,956	Basin Retrofit
18	Little Egg Harbor Twp	BBB18	\$1,341,250	Basin Retrofit
22	Little Egg Harbor Twp	BBB22	\$601,750	Basin Retrofit
8	Manchester Township	BBB8	\$291,495	New Basin
9	Manchester Township	BBB9	\$195,477	New Basin
10	Ocean County	BBB10	\$434,191	Basin Retrofit
15	Ocean County	BBB15	\$990,844	Basin Retrofit
17	Ocean County	BBB17	\$1,653,300	Basin Retrofit
19	Ocean County	BBB19	\$577,358	Basin Retrofit
20	Ocean County	BBB20	\$1,207,034	Basin Retrofit
23	Ocean County	BBB23	\$414,483	Basin Retrofit
24	Ocean County	BBB24	\$440,526	Basin Retrofit
25	Ocean County	BBB25	\$558,917	Basin Retrofit
3	Ocean County	BBB3	\$1,054,747	Basin Retrofit
5	Ocean County	BBB5	\$1,238,254	Basin Retrofit
6	Ocean County	BBB6	\$839,364	Basin Retrofit
7	Ocean County	BBB7	\$497,320	Basin Retrofit
26	Pine Beach Borough	BBB26	\$87,000	Storm System Inlet Unit
1	Stafford Township	BBB1	\$1,450,000	Basin Conversion
2	Stafford Township	BBB2	\$362,500	Basin Conversion
4	Toms River Township	BBB4	\$1,740,000	Basin Retrofit

<b>BB PF Rank</b>	<b>Applicant</b>	<b>Proj. #</b>	<b>Estimated Application Amount</b>	<b>Project Type</b>
27	Beachwood Borough	BBB38	\$453,850	Boro Hall Basin Retrofit
28	Berkeley Township	BBB33	\$145,000	Veterans Park Basin
29	Jackson Township	BBB32	\$582,772	Basin Retrofit
30	Jackson Township	BBB41	\$570,031	Basin Retrofit
31	Little Egg Harbor Twp	BBB34	\$540,125	Basin Retrofit
32	Manchester Township	BBB39	\$145,363	New Basin
33	Manchester Township	BBB43	\$125,099	New Basin
34	Manchester Township	BBB47	\$36,975	New Basin
35	Manchester Township	BBB48	\$39,440	New Basin
36	Ocean County	BBB27	\$658,370	Basin Retrofit
37	Ocean County	BBB28	\$398,385	Basin Retrofit
38	Ocean County	BBB29	\$430,496	Basin Retrofit
39	Ocean County	BBB30	\$398,385	Basin Retrofit
40	Ocean County	BBB31	\$616,456	Basin Retrofit
41	Ocean County	BBB35	\$325,047	Basin Retrofit
42	Ocean County	BBB36	\$398,385	Basin Retrofit
43	Ocean County	BBB37	\$549,105	Basin Retrofit
44	Ocean County	BBB40	\$244,918	Basin Retrofit
45	Ocean County	BBB42	\$411,558	Basin Retrofit
46	Ocean County	BBB44	\$238,455	Basin Retrofit
47	Ocean County	BBB45	\$236,621	Basin Retrofit
48	Ocean County	BBB46	\$270,663	Basin Retrofit
	<b>Category 1 Subtotal</b>		<b>\$30,551,999</b>	
<b>Category 2 Projects</b>				
49	Barnegat Township	BBE57	\$377,000	Equipment
50	Beachwood Borough	BBE53	\$340,750	Equipment
51	Berkeley Township	BBE59	\$362,500	Equipment
52	Lacey Township	BBE55	\$326,801	Equipment
53	Lakehurst Borough	BBE64	\$224,750	Equipment
54	Lakehurst Borough	BBE65	\$268,250	Equipment
55	Lakehurst Borough	BBE66	\$30,450	Equipment
56	Little Egg Harbor Township	BBE49	\$340,750	Equipment
57	Millstone Township	BBE58	\$116,000	Equipment
58	Ocean County	BBE50	\$340,750	Equipment
59	Ocean County	BBE51	\$333,500	Equipment
60	Ocean County	BBE52	\$362,500	Equipment
61	Ocean County	BBE56	\$609,000	Equipment
62	Ocean Gate Borough	BBE62	\$224,750	Equipment
63	Ocean Gate Borough	BBE63	\$268,250	Equipment

<b>BB PF Rank</b>	<b>Applicant</b>	<b>Proj. #</b>	<b>Estimated Application Amount</b>	<b>Project Description</b>
64	Pine Beach Borough	BBE61	\$56,550	Equipment
65	Stafford Township	BBE60	\$217,500	Equipment
66	Toms River Township	BBE54	\$340,750	Equipment
	<b>Category 2 Subtotal</b>		<b>\$5,140,801</b>	
<b>Category 3 Projects</b>				
67	Beachwood Borough	BBB72	\$108,750	Brigantine Street Outfall
68	Beachwood Borough	BBB73	\$106,575	Beach Outfall
69	Little Egg Harbor Twp	BBB74	\$87,000	S. Ensign Drive Outfall
70	Little Egg Harbor Twp	BBB75	\$87,000	E. Mohawk Drive Outfall
71	Little Egg Harbor Twp	BBB76	\$87,000	E. Potomac Drive Outfall
72	Little Egg Harbor Twp	BBB77	\$87,000	S. Commodore Dr. Outfall
73	Millstone Township	BBB70	\$174,000	Stormwater Repairs
74	Ocean Gate Borough	BBB68	\$1,957,500	Storm Sewer MTD
75	Pine Beach Borough	BBB69	\$298,700	Storm Outlet MTD
76	Stafford Township	BBB67	\$725,000	New Basin
77	Stafford Township	BBB71	\$145,000	Catch Basin Retrofit
78	Stafford Township	BBB78	\$145,000	Basin inlet/outlet Retrofit
	<b>Category 3 Subtotal</b>		<b>\$4,008,525</b>	
	<b>Total BB PF Projects (82)</b>		<b>\$41,336,200</b>	<b>Available PF: \$10 mil</b>
<b>Loan Only</b>				
	Long Beach Twp.	BBS79	\$862,750	Salt Dome
	Millstone Township	BBS80	\$72,500	Storm Repairs (inlets, Ely/Harmony Road
	Point Pleasant Borough	BBS81	\$319,000	Storm Drain Inlet Retrofit
	Stafford Township	BBS82	\$145,000	Grass to Stone: BH West
	Stafford Township	BBS83	\$108,750	Vehicle Wash Facility
	Stafford Township	BBS84	\$217,500	Retrofit Landscape Areas
	Stafford Township	BBS85	\$290,000	Outlet Retrofit
	Stafford Township	BBS86	\$725,000	Planning Study/ New Basin
	<b>Loan Only Subtotal</b>		<b>\$2,740,500</b>	
	<b>Total BB Projects (90)</b>		<b>\$44,076,700</b>	

## APPENDIX A4

### State Clean Water Barnegat Bay Principal Forgiveness Project Priority List FY2012 Financing Program Ranked Order

<b>Set aside for Equipment Purchase (\$1M)</b>				
<b>BB PF Rank</b>	<b>Applicant</b>	<b>Proj. #</b>	<b>Estimated Application Amount</b>	<b>Project Type</b>
E-1	Bay Head Borough	BBE1	\$250,125	Equipment
E-2	Long Beach Township	BBE2	\$362,500	Equipment
E-3	Point Pleasant Beach Boro	BBE3	\$340,750	Equipment
E-4	Seaside Park Borough	BBE4	\$681,500	Equipment
	<b>Equipment Subtotal</b>		<b>\$1,634,875</b>	
<b>Category 1 Projects for PF</b>				
1	Stafford Township	BBB1	\$1,450,000	Basin Conversion
2	Stafford Township	BBB2	\$362,500	Basin Conversion
3	Ocean County	BBB3	\$1,054,747	Basin Retrofit
4	Toms River Township	BBB4	\$1,740,000	Basin Retrofit
5	Ocean County	BBB5	\$1,238,254	Basin Retrofit
6	Ocean County	BBB6	\$839,364	Basin Retrofit
7	Ocean County	BBB7	\$497,320	Basin Retrofit
8	Manchester Township	BBB8	\$291,495	New Basin
9	Manchester Township	BBB9	\$195,477	New Basin
10	Ocean County	BBB10	\$434,191	Basin Retrofit
11	Jackson Township	BBB11	\$1,347,956	Basin Retrofit
12	Howell Township	BBB12	\$1,477,821	Basin Retrofit
13	Howell Township	BBB13	\$1,406,486	Basin Retrofit
14	Howell Township	BBB14	\$583,766	Basin Retrofit
15	Ocean County	BBB15	\$990,844	Basin Retrofit
16	Brick Township	BBB16	\$1,061,126	PAL Drainage Basin
17	Ocean County	BBB17	\$1,653,300	Basin Retrofit
18	Little Egg Harbor Twp	BBB18	\$1,341,250	Basin Retrofit
19	Ocean County	BBB19	\$577,358	Basin Retrofit
20	Ocean County	BBB20	\$1,207,034	Basin Retrofit
21	Howell Township	BBB21	\$883,537	Basin Retrofit
22	Little Egg Harbor Twp	BBB22	\$601,750	Basin Retrofit
23	Ocean County	BBB23	\$414,483	Basin Retrofit
24	Ocean County	BBB24	\$440,526	Basin Retrofit
25	Ocean County	BBB25	\$558,917	Basin Retrofit
26	Pine Beach Borough	BBB26	\$87,000	Storm System Inlet Unit

<b>BB PF Rank</b>	<b>Applicant</b>	<b>Proj. #</b>	<b>Estimated Application Amount</b>	<b>Project Type</b>
27	Ocean County	BBB27	\$658,370	Basin Retrofit
28	Ocean County	BBB28	\$398,385	Basin Retrofit
29	Ocean County	BBB29	\$430,496	Basin Retrofit
30	Ocean County	BBB30	\$398,385	Basin Retrofit
31	Ocean County	BBB31	\$616,456	Basin Retrofit
32	Jackson Township	BBB32	\$582,772	Basin Retrofit
33	Berkeley Township	BBB33	\$145,000	Veterans Park Basin
34	Little Egg Harbor Twp	BBB34	\$540,125	Basin Retrofit
35	Ocean County	BBB35	\$325,047	Basin Retrofit
36	Ocean County	BBB36	\$398,385	Basin Retrofit
37	Ocean County	BBB37	\$549,105	Basin Retrofit
38	Beachwood Borough	BBB38	\$453,850	Boro Hall Basin Retrofit
39	Manchester Township	BBB39	\$145,363	New Basin
40	Ocean County	BBB40	\$244,918	Basin Retrofit
41	Jackson Township	BBB41	\$570,031	Basin Retrofit
42	Ocean County	BBB42	\$411,558	Basin Retrofit
43	Manchester Township	BBB43	\$125,099	New Basin
44	Ocean County	BBB44	\$238,455	Basin Retrofit
45	Ocean County	BBB45	\$236,621	Basin Retrofit
46	Ocean County	BBB46	\$270,663	Basin Retrofit
47	Manchester Township	BBB47	\$36,975	New Basin
48	Manchester Township	BBB48	\$39,440	New Basin
	<b>Category 1 Subtotal</b>		<b>\$30,551,999</b>	
<b>Category 2 Projects</b>				
49	Little Egg Harbor Township	BBE49	\$340,750	Equipment
50	Ocean County	BBE50	\$340,750	Equipment
51	Ocean County	BBE51	\$333,500	Equipment
52	Ocean County	BBE52	\$362,500	Equipment
53	Beachwood Borough	BBE53	\$340,750	Equipment
54	Toms River Township	BBE54	\$340,750	Equipment
55	Lacey Township	BBE55	\$326,801	Equipment
56	Ocean County	BBE56	\$609,000	Equipment
57	Barnegat Township	BBE57	\$377,000	Equipment
58	Millstone Township	BBE58	\$116,000	Equipment
59	Berkeley Township	BBE59	\$362,500	Equipment
60	Stafford Township	BBE60	\$217,500	Equipment
61	Pine Beach Borough	BBE61	\$56,550	Equipment
62	Ocean Gate Borough	BBE62	\$224,750	Equipment
63	Ocean Gate Borough	BBE63	\$268,250	Equipment

<b>BB PF Rank</b>	<b>Applicant</b>	<b>Proj. #</b>	<b>Estimated Application Amount</b>	<b>Project Description</b>
64	Lakehurst Borough	BBE64	\$224,750	Equipment
65	Lakehurst Borough	BBE65	\$268,250	Equipment
66	Lakehurst Borough	BBE66	\$30,450	Equipment
<b>Category 2 Subtotal</b>			<b>\$5,140,801</b>	
<b>Category 3 Projects</b>				
67	Stafford Township	BBB67	\$725,000	New Basin
68	Ocean Gate Borough	BBB68	\$1,957,500	Storm Sewer MTD
69	Pine Beach Borough	BBB69	\$298,700	Storm Outlet MTD
70	Millstone Township	BBB70	\$174,000	Stormwater Repairs
71	Stafford Township	BBB71	\$145,000	Catch Basin Retrofit
72	Beachwood Borough	BBB72	\$108,750	Brigantine Street Outfall
73	Beachwood Borough	BBB73	\$106,575	Beach Outfall
74	Little Egg Harbor Twp	BBB74	\$87,000	S. Ensign Drive Outfall
75	Little Egg Harbor Twp	BBB75	\$87,000	E. Mohawk Drive Outfall
76	Little Egg Harbor Twp	BBB76	\$87,000	E. Potomac Drive Outfall
77	Little Egg Harbor Twp	BBB77	\$87,000	S. Commodore Dr. Outfall
78	Stafford Township	BBB78	\$145,000	Basin inlet/outlet Retrofit
<b>Category 3 Subtotal</b>			<b>\$4,008,525</b>	
<b>Total BB PF Projects (82)</b>			<b>\$41,336,200</b>	<b>Available PF: \$10 mil</b>
<b>Loan Only</b>				
	Long Beach Twp.	BBS79	\$862,750	Salt Dome
	Millstone Township	BBS80	\$72,500	Storm Repairs (inlets, Ely/Harmony Road
	Point Pleasant Borough	BBS81	\$319,000	Storm Drain Inlet Retrofit
	Stafford Township	BBS82	\$145,000	Grass to Stone: BH West
	Stafford Township	BBS83	\$108,750	Vehicle Wash Facility
	Stafford Township	BBS84	\$217,500	Retrofit Landscape Areas
	Stafford Township	BBS85	\$290,000	Outlet Retrofit
	Stafford Township	BBS86	\$725,000	Planning Study/ New Basin
<b>Loan Only Subtotal</b>			<b>\$2,740,500</b>	
<b>Total BB Projects (90)</b>			<b>\$44,076,700</b>	

## APPENDIX B1

### State Drinking Water Project Priority List FY2012 Financing Program Alphabetical Order

Priority List Rank	Applicant	Project No.	Application Amount	Project Type
<b>Supplemental Loans</b>				
	Dover Town	1409001-002-1	\$257,645	ST
	Lakewood Twp MUA	1514002-002/6/7/8/9/10-1	\$2,423,916	WTP
	Ocean Township	1520001-001-1	\$300,440	WTP
			<b>\$2,982,001</b>	
<b>Traditional</b>				
239	Aberdeen Township	1330002-002	\$1,452,700	WM
180	Alpha Borough	2102001-001	\$2,302,897	PS
63	Aqua New Jersey Inc.	0415002-007	\$1,208,724	Rehab
24	Aqua New Jersey Inc.	1505002-001	\$806,130	Rehab
51	Aqua New Jersey Inc.	2119001-007	\$493,246	Rehab
23	Atlantic City MUA	0102001-005	\$8,004,100	SP
341	Byram HOA	1904009-001	\$90,000	Meter
182	Byram HOA	1904009-002	\$252,500	Meter,Rehab
367	Byram HOA	1904009-003	\$38,500	Well
303	Byram HOA	1904009-004	\$28,000	Aux
253	Byram HOA	1904009-005	\$155,500	ST
47	Colonial Estates	0811003-002	\$2,835,086	WM
314	Hamilton Twp MUA	0112001-001	\$395,000	WM,Well
126	Hamilton Twp MUA	0112001-002	\$1,450,000	WM
45	Hammonton Town	0113001-004	\$5,350,609	WM
81	Jersey City MUA	0906001-006	\$16,330,000	WM
298	Lakehurst Borough	1513001-001	\$73,150	Well
62	Long Beach Township	1517001-011	\$3,045,007	WM
148	Matawan Borough	1329001-001	\$4,820,000	WTP
267	Matawan Borough	1329001-002	\$708,000	ST
206	Middlesex Water Co.	1225001-013	\$4,000,000	CI
9	Monroe Township	1213002-001	\$4,716,959	Treat
366	Mt. Olive Township	1427015-001	\$969,000	INT
18	Newark City	0714001-016	\$8,918,600	Rehab
20	Newark City	0714001-017	\$1,408,100	Rehab
55	NJ American Water Co.	0712001-005	\$78,000,000	WTP
279	NJ American Water Co.	0323001-002	\$7,085,500	SP
82	NJ City Univ/Jersey City	0906001-005	\$1,271,847	WM
384	New Jersey WSA	1352005-004	\$4,000,000	PS

Priority List Rank	Applicant	Project No.	Application Amount	Project Type
376	Nutley Township	0716001-001	\$3,076,525	Meter
361	Ocean Township	1520001-002	\$258,800	Well
176	Ocean Township	1520001-003	\$722,866	Rehab
12	Pemberton Township	0329004-002	\$216,990	Well, Treat
360	Pemberton Township	0329004-003	\$395,000	Well
145	Phillipsburg RA	2119001-006	\$2,900,000	WM
53	Seaside Park Borough	1527001-002	\$4,279,654	WM
16	Sea Village Marina	0108021-002	\$1,089,250	WM
84	SE Monmouth MUA	1352005-005	\$8,400,165	WTP
143	Stone Harbor Borough	0510001-004	\$763,814	Rehab
142	Stone Harbor Borough	0510001-005	\$1,139,320	Rehab
278	Washington Twp. MUA	0818004-008	\$925,100	SP
72	Westville Borough	0821001-001	\$279,520	WTP
178	Westville Borough	0821001-002	\$869,850	ST
311	Westville Borough	0821001-003	\$147,600	Meter
4	Winslow Township	0436007-007	\$3,758,690	Treat
147	Woodbury City	0822001-001	\$3,350,000	WM
			<b>\$192,782,299</b>	
<b>Drinking Water Second Chance Projects</b>				
292	Boonton Town	1401001-002	\$2,142,666	ST
229	Clinton Town	1005001-003	\$1,018,307	WM
289	Clinton Town	1005001-004	\$1,082,394	ST
70	Collingswood Borough	0412001-002	\$332,400	treat
128	Collingswood Borough	0412001-003	\$831,000	WM
317	Collingswood Borough	0412001-004	\$1,052,600	Well
318	Collingswood Borough	0412001-005	\$554,000	Well
34	Egg Harbor City	0107001-002	\$10,734,370	WTP
117	Hightstown Boro	1104001-005	\$923,240	Treat
124	Kearny Town	0907001-001	\$939,500	WM
144	Lakewood Twp MUA	1514002-011	\$3,449,628	Meter
233	Pompton Lakes MUA	1609001-006	\$2,476,000	WM
			<b>\$25,536,105</b>	
	<b>Total DW Projects</b>	<b>61</b>	<b>\$221,300,405</b>	

## APPENDIX B2

### State Drinking Water Project Priority List FY2012 Financing Program Ranked Order

Priority List Rank	Applicant	Project No.	Application Amount	Project Type
<b>Supplemental Loans</b>				
	Dover Town	1409001-002-1	\$257,645	ST
	Lakewood Twp MUA	1514002-002/6/7/8/9/10-1	\$2,423,916	WTP
	Ocean Township	1520001-001-1	\$300,440	WTP
			<b>\$2,982,001</b>	
<b>Traditional</b>				
4	Winslow Township	0436007-007	\$3,758,690	Treat
9	Monroe Township	1213002-001	\$4,716,959	Treat
12	Pemberton Township	0329004-002	\$216,990	Well, Treat
16	Sea Village Marina	0108021-002	\$1,089,250	WM
18	Newark City	0714001-016	\$8,918,600	Rehab
20	Newark City	0714001-017	\$1,408,100	Rehab
23	Atlantic City MUA	0102001-005	\$8,004,100	SP
24	Aqua New Jersey Inc.	1505002-001	\$806,130	Rehab
45	Hammonton Town	0113001-004	\$5,350,609	WM
47	Colonial Estates	0811003-002	\$2,835,086	WM
51	Aqua New Jersey Inc.	2119001-007	\$493,246	Rehab
53	Seaside Park Borough	1527001-002	\$4,279,654	WM
55	NJ American Water Co.	0712001-005	\$78,000,000	WTP
62	Long Beach Township	1517001-011	\$3,045,007	WM
63	Aqua New Jersey Inc.	0415002-007	\$1,208,724	Rehab
72	Westville Borough	0821001-001	\$279,520	WTP
81	Jersey City MUA	0906001-006	\$16,330,000	WM
82	NJ City Univ/Jersey City	0906001-005	\$1,271,847	WM
84	SE Monmouth MUA	1352005-005	\$8,400,165	WTP
126	Hamilton Twp MUA	0112001-002	\$1,450,000	WM
142	Stone Harbor Borough	0510001-005	\$1,139,320	Rehab
143	Stone Harbor Borough	0510001-004	\$763,814	Rehab
145	Phillipsburg RA	2119001-006	\$2,900,000	WM
147	Woodbury City	0822001-001	\$3,350,000	WM
148	Matawan Borough	1329001-001	\$4,820,000	WTP
176	Ocean Township	1520001-003	\$722,866	Rehab
178	Westville Borough	0821001-002	\$869,850	ST
180	Alpha Borough	2102001-001	\$2,302,897	PS

Priority List Rank	Applicant	Project No.	Application Amount	Project Type
182	Byram HOA	1904009-002	\$252,500	Meter,Rehab
206	Middlesex Water Co.	1225001-013	\$4,000,000	CI
239	Aberdeen Township	1330002-002	\$1,452,700	WM
253	Byram HOA	1904009-005	\$155,500	ST
267	Matawan Borough	1329001-002	\$708,000	ST
278	Washington Twp. MUA	0818004-008	\$925,100	SP
279	NJ American Water Co.	0323001-002	\$7,085,500	SP
298	Lakehurst Borough	1513001-001	\$73,150	Well
303	Byram HOA	1904009-004	\$28,000	Aux
311	Westville Borough	0821001-003	\$147,600	Meter
314	Hamilton Twp MUA	0112001-001	\$395,000	WM,Well
341	Byram HOA	1904009-001	\$90,000	Meter
360	Pemberton Township	0329004-003	\$395,000	Well
361	Ocean Township	1520001-002	\$258,800	Well
366	Mt. Olive Township	1427015-001	\$969,000	INT
367	Byram HOA	1904009-003	\$38,500	Well
376	Nutley Township	0716001-001	\$3,076,525	Meter
384	New Jersey WSA	1352005-004	\$4,000,000	PS
			<b>\$192,782,299</b>	
<b>Drinking Water Second Chance Projects</b>				
34	Egg Harbor City	0107001-002	\$10,734,370	WTP
70	Collingswood Borough	0412001-002	\$332,400	treat
117	Hightstown Boro	1104001-005	\$923,240	Treat
124	Kearny Town	0907001-001	\$939,500	WM
128	Collingswood Borough	0412001-003	\$831,000	WM
144	Lakewood Twp MUA	1514002-011	\$3,449,628	Meter
229	Clinton Town	1005001-003	\$1,018,307	WM
233	Pompton Lakes MUA	1609001-006	\$2,476,000	WM
289	Clinton Town	1005001-004	\$1,082,394	ST
292	Boonton Town	1401001-002	\$2,142,666	ST
317	Collingswood Borough	0412001-004	\$1,052,600	Well
318	Collingswood Borough	0412001-005	\$554,000	Well
			<b>\$25,536,105</b>	
	<b>Total DW Projects</b>	<b>61</b>	<b>\$221,300,405</b>	

**Key**

WM = Water Mains

ST = Storage Tanks

PS = Pump Stations

Well = Well Construction / Replacement

INT = Interconnection

Meter = Water Meters

SEC = Security Features

Treat = Treatment

Aux = Installation of Emergency Generator

ASR = Aquifer Storage and Recovery Well

Bldg = Building Renovation

Cl = Cleaning and Lining of Main

P = Pumps

Rehab = Rehabilitation

LSL = Lead Service Lines

WTP = Water Treatment Plant

DMI = Drought Management Initiative

BR = Brownfields

SP = Solar Panels

## APPENDIX C

### FY2012 State Clean Water Interim Financing Project List Alphabetical Order

Applicant	Project No.	Application Amount	Project Type
Atlantic County UA	S340809-18	\$2,220,000	VW
Atlantic County UA	S340809-22	\$1,519,311	SP
Barnegat Township	S344130-01	\$377,000	NPS
Bay Head Borough	S344120-01	\$250,125	NPS
Bayonne MUA	S340399-30-1	\$915,260	Wind
Beachwood Borough	S344010-01	\$1,009,925	NPS
Bellmawr Borough	S342011-02	\$9,352,757	LF Closure
Bergen County UA	S340386-05-1	\$1,298,542	STP
Bergen County UA	S340386-11	\$15,850,000	STP
Berkeley Township	S340969-10	\$704,410	Storm, Equip
Berkeley Township	S340969-11	\$382,450	Storm
Berkeley Township	S344020-01	\$507,500	NPS
Bordentown SA	S340219-03	\$2,242,800	STP
Brick Township	S344030-01	\$1,061,126	NPS
Burlington Township	S340712-09	\$1,377,500	Rehab
Camden County MUA	S340640-10	\$50,050,000	Int.
Camden County MUA	S340640-12	\$4,530,000	STP
Cape May County MUA	S340661-15	\$465,500	PS
Cape May County MUA	S340661-16	\$266,000	PS
Cape May County MUA	S340661-17	\$385,700	PS
Cape May County MUA	S340661-18	\$665,000	PS
Cape May County MUA	S340661-19	\$465,500	STP
Cape May County MUA	S340661-20	\$266,000	Equip
Cape May County MUA	S340661-21	\$1,040,000	STP
Cape May County MUA	S342017-03	\$8,860,000	LF Closure
Cinnaminson SA	S340170-04	\$1,703,640	Rehab
Clifton City	S340844-01	\$323,978	I/I
Clifton City	S340844-04	\$1,776,022	Equip, SP
Clinton Town	S340924-04	\$1,523,000	STP
Cranford Township	S340858-01	\$943,700	I/I
Cranford Township	S340858-06	\$943,700	Rehab
Elizabeth City	S340942-11	\$9,802,000	CSO
Elizabeth City	S340942-13	\$11,240,000	Rehab
Elizabeth City	S340942-14	\$2,902,000	CSO
Ewing-Lawrence SA	S340391-09	\$1,994,178	Int.
Frenchtown Borough	S340331-01	\$13,632,500	STP

<b>Applicant</b>	<b>Project No.</b>	<b>Application Amount</b>	<b>Project Type</b>
Galloway Township	S340892-03	\$127,924	Storm
Gloucester County UA	S340902-06-1	\$320,000	FM
Gloucester County UA	S340902-08	\$1,230,000	PS
Gloucester Township	S340364-07	\$1,581,250	Storm
Gloucester Township	S340364-08	\$701,300	NPS
Hamilton Township MUA	S340903-03	\$1,170,960	Rehab
Hanover SA	S340388-04	\$7,126,000	STP
Harrington Park Borough	S340223-01	\$378,590	NPS
HCIA	S340098-01-1	\$3,504,842	Rem
Highlands Borough	S340901-03	\$4,291,200	Storm
Hightstown Boro	S340915-02	\$393,500	SL
Hightstown Boro	S340915-03	\$825,020	STP
Hightstown Boro	S340915-04	\$63,975	Rehab
Howell Township	S344040-01	\$4,351,610	NPS
Jackson Township	S344050-01	\$2,500,759	NPS
JCMUA	S340928-06-1	\$1,800,160	Int.; PS
Jersey City MUA	S340928-09	\$2,649,800	PS
Kearny MUA	S340259-09	\$2,189,200	Storm
Lacey Township	S344140-01	\$326,801	NPS
Lakehurst Borough	S344150-01	\$523,450	NPS
Linden Roselle SA	S340299-07	\$14,797,840	STP
Linwood City	S340217-01	\$783,960	NPS
Linwood City	S340217-02	\$1,959,300	Storm
Little Egg Harbor Township	S344060-01	\$3,171,875	NPS
Little Falls Township	S340716-06	\$1,022,100	PS
Long Beach Township	S340023-04	\$2,847,780	Rehab
Long Beach Township	S344170-01	\$1,225,250	NPS
Manchester Township	S344070-01	\$833,849	NPS
Maple Shade Township	S340710-07	\$1,635,000	STP
Maywood Borough	S340226-01	\$1,782,341	I/I
Middletown Twp.	S340097-01	\$3,690,000	NPS
Midland Park Borough	S340227-01	\$693,000	Rehab
Millstone Township	S344160-01	\$362,500	NPS
Milltown Borough	S340102-02	\$1,446,422	Rehab
Montclair Twp	S340837-02	\$1,205,830	Rehab
Mount Holly Township	S340817-05	\$189,950	NPS
New Jersey City U.	S340111-02	\$16,284,954	CS
New Jersey WSA	S343054-08	\$2,106,092	Land
Newark City	S340815-05-1	\$9,634,300	CSO
Newark City	S340815-12	\$18,240,886	Rehab
Newark City	S340815-21	\$9,898,000	Rehab
North Bergen MUA	S340652-11	\$2,059,240	STP
North Hudson SA	S340952-17	\$2,283,500	STP; Rehab
North Hudson SA	S340952-18	\$540,585	Rehab
NW Bergen County UA	S340700-09	\$5,806,000	Rehab

<b>Applicant</b>	<b>Project No.</b>	<b>Application Amount</b>	<b>Project Type</b>
Ocean County	S344080-01	\$16,728,932	NPS
Ocean County UA	S340372-45	\$5,019,123	STP
Ocean County UA	S340372-46	\$4,134,438	Int.
Ocean County UA	S340372-47	\$2,408,551	PS
Ocean Gate Borough	S344180-01	\$2,450,500	NPS
Ocean Township	S340112-02	\$843,434	Rehab
Old Bridge MUA	S340945-08	\$8,974,000	Int.
Old Bridge MUA	S340945-10	\$4,855,000	STP
Old Bridge MUA	S340945-11	\$2,155,000	Rehab
Phillipsburg Town	S340874-05	\$1,795,000	OR
Pine Beach Borough	S344090-01	\$442,250	NPS
Pleasantville City	S340752-01	\$1,301,225	I/I
Point Pleasant Beach Borough	S344190-01	\$340,750	NPS
Point Pleasant Borough	S344210-01	\$319,000	NPS
Princeton Borough	S340656-07A	\$1,854,978	I/I
Princeton Township	S340656-07B	\$2,383,218	Rehab
Raritan Township MUA	S340485-05	\$398,750	NPS
Raritan Township MUA	S340485-06	\$1,167,250	PS
Raritan Township MUA	S340485-08	\$1,603,120	STP
Rockaway Valley RSA	S340821-05	\$4,948,000	STP
Roselle Borough	S340332-01	\$2,855,000	Rehab
Seaside Park Borough	S340083-02	\$3,799,509	Rehab
Seaside Park Borough	S344200-01	\$681,500	NPS
South Plainfield Boro	S340408-01	\$352,100	Equip
Stafford Township	S344100-01	\$4,531,250	NPS
Stone Harbor Borough	S340722-04	\$8,474,028	Rehab
Toms River Township	S344110-01	\$2,080,750	NPS
Weehawken Twp	S343077-01	\$11,500,000	Land
Willingboro Township	S340132-03	\$2,710,000	Storm
<b>Total CW IFP Eligible Projects</b>	<b>110</b>	<b>\$394,510,675</b>	

## APPENDIX D

### FY2012 State Drinking Water Interim Financing Project List Ranked Order

Applicant	Project No.	Application Amount	Project Type
Aberdeen Township	1330002-002	\$1,452,700	WM
Alpha Borough	2102001-001	\$2,302,897	PS
Aqua New Jersey Inc.	0415002-007	\$1,208,724	Rehab
Aqua New Jersey Inc.	1505002-001	\$806,130	Rehab
Aqua New Jersey Inc.	2119001-007	\$493,246	Rehab
Atlantic City MUA	0102001-005	\$8,004,100	SP
Boonton Town	1401001-002	\$2,142,666	ST
Byram HOA	1904009-001	\$90,000	Meter
Byram HOA	1904009-002	\$252,500	Meter,Rehab
Byram HOA	1904009-003	\$38,500	Well
Byram HOA	1904009-004	\$28,000	Aux
Byram HOA	1904009-005	\$155,500	ST
Clinton Town	1005001-003	\$1,018,307	WM
Clinton Town	1005001-004	\$1,082,394	ST
Collingswood Borough	0412001-002	\$332,400	treat
Collingswood Borough	0412001-003	\$831,000	WM
Collingswood Borough	0412001-004	\$1,052,600	Well
Collingswood Borough	0412001-005	\$554,000	Well
Colonial Estates	0811003-002	\$2,835,086	WM
Dover Town	1409001-002-1	\$257,645	ST
Egg Harbor City	0107001-002	\$10,734,370	WTP
Hamilton Twp MUA	0112001-001	\$395,000	WM,Well
Hamilton Twp MUA	0112001-002	\$1,450,000	WM
Hammonton Town	0113001-004	\$5,350,609	WM
Hightstown Boro	1104001-005	\$923,240	Treat
Jersey City MUA	0906001-006	\$16,330,000	WM
Kearny Town	0907001-001	\$939,500	WM
Lakehurst Borough	1513001-001	\$73,150	Well
Lakewood Twp MUA	1514002-002/6/7/8/9/10-1	\$2,423,916	WTP
Lakewood Twp MUA	1514002-011	\$3,449,628	Meter
Long Beach Township	1517001-011	\$3,045,007	WM
Matawan Borough	1329001-001	\$4,820,000	WTP
Matawan Borough	1329001-002	\$708,000	ST
Middlesex Water Co.	1225001-013	\$4,000,000	CI
Monroe Township	1213002-001	\$4,716,959	Treat
Mt. Olive Township	1427015-001	\$969,000	INT

<b>Applicant</b>	<b>Project No.</b>	<b>Application Amount</b>	<b>Project Type</b>
NJ City Univ/Jersey City	0906001-005	\$1,271,847	WM
New Jersey WSA	1352005-004	\$4,000,000	PS
Newark City	0714001-016	\$8,918,600	Rehab
Newark City	0714001-017	\$1,408,100	Rehab
NJ American Water Co.	0323001-002	\$7,085,500	SP
NJ American Water Co.	0712001-005	\$78,000,000	WTP
Nutley Township	0716001-001	\$3,076,525	Meter
Ocean Township	1520001-001-1	\$300,440	WTP
Ocean Township	1520001-002	\$258,800	Well
Ocean Township	1520001-003	\$722,866	Rehab
Pemberton Township	0329004-002	\$216,990	Well, Treat
Pemberton Township	0329004-003	\$395,000	Well
Phillipsburg RA	2119001-006	\$2,900,000	WM
Pompton Lakes MUA	1609001-006	\$2,476,000	WM
SE Monmouth MUA	1352005-005	\$8,400,165	WTP
Sea Village Marina	0108021-002	\$1,089,250	WM
Seaside Park Borough	1527001-002	\$4,279,654	WM
Stone Harbor Borough	0510001-004	\$763,814	Rehab
Stone Harbor Borough	0510001-005	\$1,139,320	Rehab
Washington Twp. MUA	0818004-008	\$925,100	SP
Westville Borough	0821001-001	\$279,520	WTP
Westville Borough	0821001-002	\$869,850	ST
Westville Borough	0821001-003	\$147,600	Meter
Winslow Township	0436007-007	\$3,758,690	Treat
Woodbury City	0822001-001	\$3,350,000	WM
<b>Total DW IFP Eligible Projects</b>	<b>61</b>	<b>\$221,300,405</b>	

## APPENDIX E

### Distribution of Financing Program Funds Throughout the State 1987 - 2010

<u>County</u>	<u>Loan Amounts</u>
Atlantic	\$101,972,128
Bergen	\$492,464,660
Burlington	\$376,375,187
Camden	\$616,047,376
Cape May	\$58,743,128
Cumberland	\$40,056,151
Essex	\$520,010,454
Gloucester	\$112,394,565
Hudson	\$411,952,720
Hunterdon	\$60,611,021
Mercer	\$274,488,757
Middlesex	\$582,737,288
Monmouth	\$324,379,480
Morris	\$359,908,237
Ocean	\$460,628,633
Passaic	\$192,561,215
Salem	\$35,430,013
Somerset	\$159,299,128
Sussex	\$75,660,423
Union	\$302,186,470
Warren	\$78,209,375
	<hr/>
	\$5,636,116,409

## Appendix H

### New Jersey Environmental Infrastructure Trust FY2012 Financing Program Schedule

**October 4, 2010** - Letters of Intent for FY2012 Financing Program due

#### 2011

**January 1 -**

**January 31** - Trust compiles contact information for Borrowers and Borrower Bond Counsel.

**Prior to**

**January 15** - Deadline for submission of January Report to the State Legislature.

**February 1** - Trust makes Interim Financing Program Financial Addendum Forms available on its website.

**February 1 & 3** Applicant Seminars.

**February 17** - Trust Board Meeting.

**March 10** - Trust Board Meeting.

**April 21** - Trust Board Meeting.

**May 12** - Trust Board Meeting.

**Pre May 15** - Deadline for submission to State Legislature of May Report and Appropriations Bills.

**Post May 15** - Approval by State Legislature of: (i) Project Priority List; (ii) Loan amounts; (iii) appropriation for Loans; and (iv) authorization for Trust to finance Projects.  
- Financial Plan approved by Legislature.

**May 30** - State Holiday.

**June 9** - Trust Board Meeting.

**July 4** - State Holiday.

**July 7** - Trust Board Meeting.

- August 11** - Trust Board Meeting.
- September 5** - State Holiday.
- September 8** - Trust Board Meeting.
- September 21** - Deadline for submission by Borrowers of Local Finance Board (LFB) applications to be considered at October 12 LFB hearing.
- October 3** - Trust makes Financial Addendum Forms (FAF) available on its website.
- October 3** - Trust makes “Sizing Memos” available on its website and distributes “Sizing Memos” to Borrowers and Borrower Bond Counsel.
- October 10** - State Holiday.
- October 12** - LFB consideration of Borrower applications submitted on September 21.
- October 13** - Trust Board Meeting
- October 19** - Deadline for submission by Borrowers of LFB applications to be considered at November 9 LFB hearing.
- October 24** - Trust to distribute memorandum to Borrowers with copy to Borrower Bond Counsel reminding them of FAF deadline and cautioning that, if they are unable to meet the deadline, they must contact the Trust immediately.
- November 7** - Trust to distribute final reminder of FAF deadline to Borrowers with copy to Borrower Bond Counsel.
- November 8** - State Holiday.
- November 9** - LFB consideration of Borrower applications submitted on October 19.
- November 10** - Trust Board Meeting.
- November 11** - State Holiday.
- November 18** - Borrowers to submit completed FAFs, acknowledged as reviewed by Borrower Bond Counsel, to the Working Group.
- November 18** -
- December 30** - Due diligence re all Borrower deficiency items.

- November 23** - Deadline for submission by Borrowers of LFB applications to be considered at December 14 LFB hearing.
- November 24** - State Holiday.
- November 30** - Deadline for Borrowers subject to Board of Public Utilities (BPU) jurisdiction to submit to BPU for hearing on December 14 their request for approval to incur debt.
- December 8** - Trust Board Meeting.
  - Trust adopts resolution (i) providing delegation to Authorized Officer regarding Escrow Closings and TEFRA hearing and (ii) authorizing master forms of Loan Agreements and Escrow Agreements.
- December 12** - Trust Bond Counsel to begin drafting Financing Documents.
  - DEP to begin drafting Exhibits to Loan Agreements.
- December 14** - LFB consideration of Borrower applications submitted on November 23.
  - BPU consideration of Borrower applications submitted on November 30.
- December 20** - Working Group meeting regarding review of FAFs.
  - Working Group to preliminarily identify Direct Loan Program candidates.
- December \_\_** - Final date for submission by Borrowers of LFB applications to be considered at January \_\_ hearing. This is the last opportunity to apply for LFB approval.
- December \_\_** - Deadline for Borrowers subject to BPU jurisdiction to submit to BPU for hearing on January \_\_ their request for approval to incur debt. This is the last opportunity to apply for BPU approval.
- December 26** - State Holiday.
- December 30** - All Borrower Due Diligence is completed.
- December 30** - Trust Bond Counsel to distribute Draft #1 of Loan, Escrow and Continuing Disclosure Agreements to Borrowers with instructional memorandum noting deadlines for submission of comments thereto.
  - DEP distributes draft exhibits to Loan Agreements.

## 2012

- Prior to January 1** - DEP begins to issue final Project Certifications (Authorization to Award is a condition precedent to final Project Certification).
- January 2** - State Holiday.
- January 12** - Trust Board Meeting.  
- Trust approves final Project Certifications submitted by DEP to the Trust prior to January 1.
- January \_\_** - BPU consideration of Borrower applications submitted on December \_\_. This is the last opportunity to obtain BPU approval.
- January 13** - Trust Bond Counsel to distribute reminder to Borrower Bond Counsel regarding deadline for submission of electronic comments to Draft #1 of Loan, Escrow and Continuing Disclosure Agreements.
- January 16** - State Holiday.
- January \_\_** - LFB consideration of Borrower applications submitted on December \_\_. This is the last opportunity to obtain LFB approval.
- January 20** - Borrowers and Borrowers' Counsel submit electronic comments to Draft #1 of Loan, Escrow and Continuing Disclosure Agreements to the Trust, Trust Bond Counsel and Trust General Counsel.
- January 27** - Trust Bond Counsel and Trust General Counsel conference call to review and make decisions regarding revisions requested by Borrowers and Borrowers' Counsel (if necessary).
- Week of January 30** - Trust Bond Counsel to distribute individual Borrower database reports to Borrower Bond Counsel for review.
- February 1** - DEP issues all final Project Certifications that were not issued previously. (Authorization to Award is a condition precedent to final Project Certification.)
- February 8** - DEP to identify Projects to be funded with the proceeds of State GO Bonds.
- February 9** - Trust Board Meeting.  
- Trust approves final Project Certifications submitted by DEP to the Trust on or prior to February 1.

- February 10** - Trust Bond Counsel to distribute signature pages for DEP, Treasurer and Trust signatures for Escrow Closing documents.
  - Trust and Trust Bond Counsel to submit to the State Treasurer the form of Treasurer's Certificate approving the Loans.
  - Borrower Bond Counsel to confirm accuracy of or submit comments to individual Borrower database reports to Trust Bond Counsel.
  
- February 15** - Trust Bond Counsel to distribute Escrow Closing Schedule to Borrower Bond Counsel with instructional memorandum highlighting deadlines for submission of documents.
  
- February 20** - State Holiday.
  
- Week of**
- February 20** - Trust Bond Counsel to distribute Draft #2 of Loan, Escrow and Continuing Disclosure Agreements to Borrowers.
  
- February 23** - Trust Bond Counsel to distribute Draft #1 of POS to Working Group.
  - Trust Bond Counsel to distribute Draft #1 of Notice of Sale (NOS), Summary NOS and Bid Form to Working Group.
  
- February 24** - Estoppel period ends for February 9 Board Minutes.
  
- February 27** - Trust Bond Counsel to distribute Draft #1 of Trust Bond Resolution[s] to Working Group.
  - Current draft of Trust Bond Resolution[s] provided to Trust for submission to Governor's Office and Treasurer's Office in connection with approval thereof.
  
- February 27** - Borrowers submit (i) final written comments to Draft #2 of Loan, Escrow and Continuing Disclosure Agreements to Trust, Trust Bond Counsel and Trust General Counsel, and (ii) forms of Borrower Bond Counsel opinions, Trust Loan Bonds and Fund Loan Bonds to Trust Bond Counsel.
  
- February 28** - Submit TEFRA Notice to Newspapers.
  
- March 1** - Trust/Financial Advisor distribute financing information and documents to Rating Agencies.
  
- March 5** - Trust Bond Counsel to distribute database summary reports to Working Group.
  
- March 6** - Trust Bond Counsel to submit request to Director of the Division of Investments regarding Repurchase Agreement.

- Trust and Trust Bond Counsel submit Volume Cap request to State Treasurer with respect to Series B Trust Bonds.
  - Trust and Trust Bond Counsel submit Chapter 62 request to the Director of the Division of Local Government Services.
- March 7**
- Publish TEFRA Notice.
- March 7**
- All final estoppel periods must have run on Borrowers' bond authorization legislation (e.g., bond ordinances and 2-26 and 2-27 resolutions for municipalities/counties, and bond resolutions/indentures for authorities and private water companies).
  - Borrowers must have adopted Loan, Escrow and Continuing Disclosure Agreement authorization legislation.
  - Authorities must have received positive findings and approval of LFB and adopted LFB review resolution/group affidavit, and provided copies of same to Trust Bond Counsel.
  - Municipalities must have received approval of LFB, and provided copies of same to Trust Bond Counsel.
  - Private sector borrowers subject to BPU jurisdiction must have received BPU approval to incur debt, and provided copies of same to Trust Bond Counsel.
  - Borrowers and DEP must have agreed on final sizing of Trust and Fund Loan amounts and Loan Agreement Draw Schedules.
  - Loan, Escrow and Continuing Disclosure Agreements must have been finalized.
  - Exhibits to Loan Agreements must have been finalized.
- March 8**
- Working Group meeting to discuss Trust Bond Resolution[s], POS, NOS, Summary NOS, Bid Forms and Bond Sale (if necessary).
- March 9**
- Conference call between Trust Bond Counsel and Financial Advisor to review database summary reports.
- March 9**
- Trust Bond Counsel to distribute Draft #2 of Trust Bond Resolution[s].
- March 12-  
March 28**
- Borrower Escrow Closings held at Trust Bond Counsel's offices (authority Borrowers should hold their own Escrow Closings simultaneously).
- March 12-  
March 28**
- Beginning of bid black out period, as applicable; bid black out period, if applicable, begins on date of Escrow Closing for each Borrower.
- March 15**
- Board agenda and materials disseminated.
- March 16**
- Governor and Treasurer approve Trust Bond Resolution[s].

- March 19** - Trust Bond Counsel to distribute Draft #2 of POS, NOS, Summary NOS and Bid Forms to Working Group.
- March 20** - Trust to follow-up with Director of Division of Investments regarding Repurchase Agreement, State Treasurer regarding Volume Cap, Director of Division of Local Government Services regarding Chapter 62.
- March 22**
  - Trust Board Meeting.
  - Trust adopts Trust Bond Resolution[s].
  - TEFRA Hearing.
  - Trust delivers minutes of March 22 meeting to the Governor.
  - Trust delivers TEFRA approval request to the Governor.
- March 30** - Trust Bond Counsel to distribute database summary reports to Working Group.
- April 2** - Conference call between Trust Bond Counsel and Financial Advisor to discuss database summary reports.
- April 4**
  - Trust receives bond ratings.
  - Trust receives approvals re Repurchase Agreement, Volume Cap, and Chapter 62.
- April 4** - Summary NOS to Newspapers.
- April 6** - State Holiday.
- April 9** - Estoppel period ends for March 22 Board Minutes.
- April 9** - POS, NOS, Summary NOS, Bid Forms finalized by Working Group.
- April 11**
  - Disseminate POS electronically.
  - Publication of Summary NOS.
- April 18** - Bond Sale/purchase of investments.
- April 19**
  - Trust Board Meeting.
  - Report of Executive Director to Trust Board of Directors regarding Bond Sale.
- April 20** - Borrowers to receive Trust Loan amounts and Trust and Fund Loan repayment schedules from Trust Financial Advisor.
- April 20-30** - Confirmatory resolutions to be adopted by Borrowers finalizing Trust Loan amounts and Trust and Fund Loan repayment schedules (if necessary).
- April 24** - Print OS and distribute to successful bidder.

- April 26** - Trust Bond Counsel distributes drafts of closing documents to Working Group.
- May 1** - Borrower pre-closings.
- May 2** - Financing pre-closing held at Trust Bond Counsel's Offices.
- May 3** - Financing closing held at Trust Bond Counsel's Offices.
- May 4** - End of bid black out period, if applicable.

## APPENDIX I

### NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST PROPOSED BUDGET FOR FISCAL YEAR 2012

#### REVENUES

	<u>2012</u>
1 Annual Admin Fee 1992 Financing	\$64,260
2 Annual Admin Fee 1993 Financing	\$192,855
3 Annual Admin Fee 1994 Financing	\$138,660
4 Annual Admin Fee 1995 Financing	\$106,890
5 Annual Admin Fee 1996 Financing	\$141,660
6 Annual Admin Fee 1997 Financing	\$111,480
7 Annual Admin Fee 1998 Financing	\$170,460
8 Annual Admin Fee 1999 Financing	\$164,280
9 Annual Admin Fee 2000 Financing	\$289,635
10 Annual Admin Fee 2001 Financing	\$505,800
11 Annual Admin Fee 2002 Financing	\$339,000
12 Annual Admin Fee 2003 Financing	\$199,260
13 Annual Admin Fee 2004 Financing	\$400,335
14 Annual Admin Fee 2005 Financing	\$372,465
15 Annual Admin Fee 2006 Financing	\$512,940
16 Annual Admin Fee 2007 Financing	\$648,315
17 Annual Admin Fee 2008 Financing	\$385,350
18 Annual Admin Fee 2009 Financing	\$202,920
19 Annual Admin Fee 2010A Financing	\$382,785
20 Annual Admin Fee 2010B&C Financing	\$375,945
Projected	
22 Loan Surcharge 2012 Spring Financing	<u>\$100,000</u>
<b>TOTAL REVENUES</b>	<u><u>\$5,805,295</u></u>

**NEW JERSEY ENVIRONMENTAL  
INFRASTRUCTURE TRUST  
PROPOSED BUDGET FOR FISCAL YEAR 2012**

**EXPENSES**

	<b>2012</b>
1 Financial Advisor	\$500,000
2 Bond Counsel	\$1,000,000
3 Document Scanning	\$100,000
4 Arbitrage Rebate Services	\$65,000
5 Post Issuance Compliance Program	\$313,000
6 Special Counsel	\$100,000
7 Auditor	\$50,000
8 Investment Advisor	\$125,000
9 Internal Control Audit	\$50,000
10 Reports & Publications	\$10,000
11 Trustee 1991 to 1995 Financing	\$28,000
12 Loan Servicer 1991 to 1995 Financing	\$18,400
13 Trustee/Loan Servicer 1996 to 1999 Financing	\$60,000
14 Trustee 2000 to 2001 Financing	\$21,000
15 Loan Servicer 2000 to 2001 Financing	\$11,000
16 Trustee/Loan Servicer 2002 to 2004 Financing	\$50,000
17 Trustee 2005 to 2008 Financing	\$32,000
18 Trustee 2009 Recovery Financing	\$2,000
19 Trustee 2010 & 2011 Financing	\$3,500
20 Master Program Trustee	\$17,000
21 Board Member Expenses	\$5,000
22 Rating Service	\$200,000
23 Printing (Bond Issue Exp)	\$3,000
24 Publication (Bond Issue Exp)	\$5,000
25 Salaries and Fringe	\$1,750,000
26 IT Expenses	\$260,000
27 Admin Expenses	\$150,000
28 Postage	\$11,000
29 Copy Machine	\$2,500
30 Telephone	\$4,000
31 Vehicle	\$7,000
32 Rent	\$133,000
33 Utilities	\$12,000
34 Attorney General	\$30,000
35 Governor's Authorities Unit	\$16,148
36 Property Insurance	\$6,000
37 Uniform Commercial Code Filings	\$10,000
38 Unencumbered Contingency	\$644,747
<b>TOTAL EXPENDITURES</b>	<b><u>\$5,805,295</u></b>

**NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST  
PROPOSED BUDGET FOR FISCAL YEAR 2011(cont'd)**

<b><i>EXPENDITURES</i></b>		<b>BUDGETED</b>
		<b>2011</b>
1	Financial Advisor	\$300,000
2	Bond Counsel	\$510,000
3	-- SFY2011 Refunding Project --	
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		

## Appendix J

### REVIEW OF THE FY2013 FINANCING PROGRAM

- PROPOSED -

Early October, 2011	Commitment Letter and Planning Documents (prior to submittal, a pre-planning meeting should be scheduled with the DEP and the Trust)
Early February, 2012	Seminar for all Borrowers to explain the remaining financing schedule and requirements.
Early March, 2012	Design Documents, and Loan Applications
September, 2012	Trust and DEP project certifications commence upon issuance of authorization to award construction contract
Mid-March, 2012	Financial Addendum Form due to Trust. Information to be used to structure bond issues, loans and bond sale.
June, 2012	Deadline for Private Water Purveyors to file with BPU Deadline for Public Agencies to file with Local Finance Board for LFB approval at July LFB meeting
February, 2013	Project certification period end (projects permitted , all planning, design, environmental requirements and permits have been FINALLY approved.
March, 2013	Escrow closing of loans begins
MArch, 2013	Bid Blackout period begins
April, 2013	Bond Sale
May, 2013	Loan closing
After Loan Closing	Bid blackout period ends One half of the planning/design allowance is available plus other approved voucher amounts

Preliminary Project List will be set forth in the January 2012 Report available at [www.njeit.org/publications.htm](http://www.njeit.org/publications.htm).

## **Trust Meeting Dates**

*June 9, 2011*

*July 7, 2011*

*August 11, 2011*

*September 8, 2011*

*October 13, 2011*

*November (if necessary)*

*December 8, 2011*

FOR MEETING DATE CHANGES, PLEASE  
REFER TO THE TRUST'S WEB SITE

[www.njeit.org](http://www.njeit.org)

*New Jersey Environmental  
Infrastructure Trust*

**Address:** 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, NJ 08648

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

**Web site:** [www.njeit.org](http://www.njeit.org).