

Governor Phil Murphy

# Murphy Administration Taps I-Bank to Help Ensure Fiscal Stability of New Jersey Municipalities in Response to COVID-19

04/21/2020

## New Municipal Bond Program Helps Mitigate Financial Impacts to Local Governments During State of Emergency

**TRENTON, NJ** – In response to growing concerns about financial market disruptions on local governments, the Murphy Administration and the New Jersey Infrastructure Bank (I-Bank) have implemented a backstop municipal bond note program. I-Bank's \$50 million liquidity investment, which is designed to help mitigate financial impacts to municipalities during the coronavirus state of emergency, launched on April 15.

"Governor Murphy and I are grateful that New Jersey's I-Bank is able to step up in these uncertain times to help maintain fiscal solvency in all 565 of our municipalities," **said Lt. Governor Sheila Y. Oliver, who serves as DCA Commissioner.** "This investment will help calm concerns in our local government units about market volatility. DCA is proud to partner with I-Bank and the New Jersey Department of Treasury to promote economic stability as we ride out this unprecedented crisis."

The I-Bank Bond Anticipation Note (BAN) Program provides liquidity for municipalities in New Jersey that experience difficulty rolling over BANs in today's volatile, disruptive municipal bond market.

According to **David Zimmer, Executive Director of the I-Bank,** "This liquidity program is just one example of how the Governor is employing the state's agencies and authorities to proactively address the financial impact of the virus on communities in New Jersey."

New Jersey's I-Bank has amended its investment policy to permit it to invest in local government unit BANs in certain circumstances. The BAN purchase program is a limited and specialized resource made available only to participants in I-Bank associated financing programs to address failed sales occurring during BAN rollovers.

This program is designed to ensure solvency and fiscal stability for New Jersey's local government units, providing protection against potential defaults during the present liquidity crisis. Its general terms are as follows:

The program is of limited duration, authorized only during a period in which the Governor has declared a State of Emergency.

Only those BAN rollovers that require assistance, as defined by I-Bank, may participate.

Members of the I-Bank, Treasurer's Office, and the financial advisor to the I-Bank shall determine the appropriate amount of available funds and liquidity to be invested.

  
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There will be sector, issue, and credit limits, interest rate guidelines, and a maturity limit of 90 days for any BAN submitted for consideration.

The Director of the Division of Investments in the New Jersey Department of Treasury must approve the purchase of any BAN through the program.

"I'm thrilled that I-Bank is focusing their resources on municipal needs in these challenging times to help ensure that all of our local units remain fiscally stable throughout this crisis. I want to thank I-Bank and the Department of Treasury for their diligence and cooperation in getting this program off the ground so quickly," **said DCA Division of Local Government Services Director Melanie Walter.**

"Treasury was pleased to be a part of this coordinated effort to help address the liquidity challenge many governments are facing right now," **said Michael Kanef, Director of Treasury's Division of Public Finance.** "We are hopeful that this additional protection will play a significant role in helping our municipalities weather this time of great uncertainty."

DCA offers a wide range of programs and services, including affordable housing production, fire safety, building safety, community planning and development, local government management and finance, and disaster recovery. For more information about DCA, visit [nj.gov/dca/](https://nj.gov/dca/) (<https://nj.gov/dca/>) or follow the Department on social media:

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Office of Governor PO Box 001  
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